PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 2, 2020

New Issue – Book-Entry-Only **SEE "RATINGS" HEREIN**

This Official Statement has been prepared on behalf of the State of Oregon, acting by and through the Oregon State Treasurer, at the request of the Oregon Department of Transportation, to provide information on the 2020A Subordinate Lien Bonds and the 2020B Senior Lien Bonds. Selected information is presented on this cover for the convenience of the users. To make an informed decision regarding the 2020 Bonds, a prospective investor should read this Official Statement, including all Appendices, in its entirety. Unless otherwise indicated, capitalized terms used on the cover page have the meanings given in this Official Statement.

STATE OF OREGON DEPARTMENT OF TRANSPORTATION HIGHWAY USER TAX REVENUE

$195,045,000*	**$612,165,000***
SUBORDINATE LIEN BONDS	**SENIOR LIEN REFUNDING BONDS**
SERIES 2020A	**SERIES 2020B**
(TAX-EXEMPT)	**(FEDERALLY TAXABLE)**

Dated: Date of Delivery **Base CUSIP: 68607D** **Due: As shown on inside cover**

Tax Exemption: In the opinion of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel ("Bond Counsel") to the State of Oregon (the "State") acting by and through the State Treasurer, at the request of the Department of Transportation (collectively, the "Issuer"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on State of Oregon Department of Transportation Highway User Tax Revenue Subordinate Lien Bonds, Series 2020A (Tax-Exempt) (the "2020A Subordinate Lien Bonds" or "2020 Tax-Exempt Bonds") is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the 2020 Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the State of Oregon Department of Transportation Highway User Tax Revenue Senior Lien Refunding Bonds, Series 2020B (Federally Taxable) (the "2020B Senior Lien Bonds" or the "2020 Taxable Bonds") is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the opinion of Bond Counsel, interest on the 2020 Bonds is exempt from State of Oregon personal income taxation. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2020 Bonds. See "TAX MATTERS" herein.

Purpose and Authorization: The 2020A Subordinate Lien Bonds and the 2020B Senior Lien Bonds (collectively, the "2020 Bonds") are issued by the State, acting by and through the State Treasurer, at the request of the Department of Transportation, pursuant to the Oregon Constitution and provisions of Oregon law described herein, and the Master Declaration, as amended and supplemented by the prior Supplemental Declarations and the Nineteenth Supplemental Declaration (all as defined herein). The 2020A Subordinate Lien Bonds are issued as Subordinate Lien Bonds for the purpose of (i) financing projects on state highways as authorized by the Act (as defined herein), including, without limitation, projects designated as part of Keep Oregon Moving, as described herein, and (ii) paying costs of issuance of the 2020A Subordinate Lien Bonds. The 2020B Senior Lien Bonds are issued as Senior Lien Bonds for the purpose of (i) refunding certain Outstanding Senior Lien Highway User Tax Revenue Bonds, as described herein, and (ii) paying costs of issuance of the 2020B Senior Lien Bonds.

Security: The 2020A Subordinate Lien Bonds are secured by and payable solely from the Subordinate Security, as described herein, which consists primarily of the Pledged Revenues on a subordinate lien basis. The 2020B Senior Lien Bonds are secured by and payable solely from the Trust Estate, as described herein, which consists primarily of the Pledged Revenues on a senior lien basis. The 2020 Bonds are special revenue obligations of the State and do not constitute a debt or general obligation of the State or any political subdivision of the State. Oregon law and the Declaration require the State to provide for the continued assessment, levy, collection and deposit into the State Highway Fund of amounts that constitute Pledged Revenues and that are sufficient to pay, when due, annual debt service on the 2020 Bonds. Owners of the 2020 Bonds do not have the right to compel the exercise of the taxing power of the State (except to the extent provided by Oregon Revised Statutes 367.615 or Section 12 of the Master Declaration, as amended) or any political subdivision of the State to pay debt service on the 2020 Bonds. The full faith and credit of the State or any political subdivision thereof is not pledged to the payment of the 2020 Bonds. See "SECURITY AND SOURCES OF PAYMENT" herein. **Prospective purchasers of the 2020 Bonds are urged to carefully review "EFFECTS OF THE COVID-19 PANDEMIC" and APPENDIX C—"OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST."**

Interest Calculation: Interest on the 2020 Bonds will accrue from the Date of Delivery on a 30/360 basis and will be payable on May 15 and November 15 of each year, commencing on November 15, 2020. The 2020 Bonds will be issued and bear interest at the fixed interest rates shown on the inside covers.

Denominations: $5,000 or any integral multiple thereof.

Redemption: The 2020 Bonds are subject to redemption prior to their stated maturities under the conditions and at the prices as described herein.

Closing/Settlement: It is expected that the 2020 Bonds will be available for delivery through the facilities of The Depository Trust Company in the United States on or about September 17, 2020.

Legal Counsel: Orrick, Herrington & Sutcliffe LLP, Portland, Oregon, Bond Counsel and Disclosure Counsel to the Issuer; the Oregon Department of Justice, Salem, Oregon, Counsel to the Issuer; Hawkins Delafield & Wood LLP, Portland, Oregon, Counsel to the Underwriters.

Paying Agent: The Bank of New York Mellon Trust Company, N.A., as the State of Oregon's Fiscal Agent.

Morgan Stanley **Citigroup**

BofA Securities **Goldman Sachs & Co. LLC**

J.P. Morgan **Piper Sandler & Co.**

Siebert Williams Shank & Co., LLC

* *Preliminary; subject to change.*

$195,045,000[*]
STATE OF OREGON
DEPARTMENT OF TRANSPORTATION
HIGHWAY USER TAX REVENUE SUBORDINATE LIEN BONDS
SERIES 2020A (TAX-EXEMPT)

Maturity Date[*] (November 15)	Principal Amount[*]	Interest Rate	Yield	CUSIP[†] No. (68607D)
2035	$20,675,000			
2036	21,640,000			
2037	22,540,000			
2038	23,490,000			
2039	52,300,000			
2040	54,400,000			

$______________ ______% 2020A Term Bond Due November 15, 20__ Priced to Yield _________%
CUSIP[†] No. 68607D___

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[*] *Preliminary; subject to change.*

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$612,165,000*
STATE OF OREGON
DEPARTMENT OF TRANSPORTATION
HIGHWAY USER TAX REVENUE SENIOR LIEN REFUNDING BONDS
SERIES 2020B (FEDERALLY TAXABLE)

Maturity Date* (November 15)	Principal Amount*	Interest Rate	Yield	CUSIP† No. (68607D)
2021	$12,165,000			
2022	12,220,000			
2023	12,275,000			
2024	12,355,000			
2025	21,635,000			
2026	32,000,000			
2027	61,840,000			
2028	80,845,000			
2029	81,935,000			
2030	84,890,000			
2031	90,030,000			
2032	70,000,000			
2033	17,555,000			
2034	22,420,000			

$______________ ______% 2020B Term Bond Due November 15, 20__ Priced to Yield _________%
CUSIP† No. 68607D___

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* *Preliminary; subject to change.*

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. CUSIP® numbers are subject to change. None of the State, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

No dealer, broker, salesperson or other person has been authorized by the State of Oregon (the "State"), acting by and through the State Treasurer and the Oregon Department of Transportation (the "Department"), or the Underwriters to give any information or to make any representation other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The information set forth herein has been obtained from sources that are believed to be reliable. Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions and such summaries are qualified by references to the entire contents of the summarized documents. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made by use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the State since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No website mentioned in this Official Statement is intended to be part of this Official Statement, and investors should not rely upon any other information presented on any such website in determining whether to purchase the 2020 Bonds. Inactive textual references to any State website are not hyperlinks and do not incorporate such websites by reference.

The initial public offering prices or yields set forth on the inside cover pages for the 2020 Bonds may be changed from time to time by the Underwriters without prior notice. The Underwriters may offer and sell the 2020 Bonds to certain dealers, unit investment trusts or money market funds at prices lower than the public offering prices or at yields higher than the yields stated on the inside cover page. In connection with this offering, the Underwriters may over allot or effect transactions that stabilize or maintain the market price of the 2020 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing if commenced may be discontinued at any time.

This Preliminary Official Statement has been "deemed final" as of its date by the State, except for the omission of offering prices, debt service, interest rates, selling commissions, aggregate principal amount, principal amount per maturity, delivery dates and other terms of the 2020 Bonds depending on such matters, in accordance with Rule 15c2-12(b)(i) under the Securities Exchange Act of 1934, as amended.

Certain statements contained in this Official Statement, including the appendices, do not reflect historical facts but are forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words "estimate," "project," "forecast," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All projections, forecasts, assumptions, expressions of opinions, estimates and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The Department specifically disclaims any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of this Official Statement, except to the extent expressly required by the Department's continuing disclosure certificate described herein.

The historical financial information and operating data set forth in this Official Statement for the dates as of and for the periods that occurred before the COVID-19 pandemic and the measures instituted to control such pandemic may not be indicative of future results or performance due to these and other factors. For a description of the Department's ongoing response to COVID-19 and related financial and operating effects on the Department, see "EFFECTS OF THE COVID-19 PANDEMIC" and APPENDIX C—"OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST."

The 2020 Bonds will not be registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such Act. The 2020 Bonds have not been registered or qualified under the securities laws of any state, the 2020 Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

REFERENCES HEREIN TO THE "ISSUER" MEAN THE STATE OF OREGON AND REFERENCES TO "BONDS" OR "SECURITIES" MEAN THE 2020 BONDS OFFERED HEREBY. **NEITHER THE STATE NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THIS SECTION.**

MINIMUM UNIT SALES

EACH SERIES OF 2020 BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING 30 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $150,000).

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE SECURITIES TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA ("EEA") WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) REGULATION (EU) 2017/1129 (THE "PROSPECTUS REGULATION") FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE SECURITIES. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER TO ANY PERSON LOCATED WITHIN A MEMBER STATE OF THE EEA OF THE SECURITIES SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE INITIAL PURCHASERS TO PRODUCE A PROSPECTUS OR SUPPLEMENT FOR SUCH AN OFFER. NEITHER THE ISSUER NOR THE INITIAL PURCHASERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF SECURITIES THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE INITIAL PURCHASERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE SECURITIES CONTEMPLATED IN THIS OFFICIAL STATEMENT.

THE OFFER OF ANY SECURITIES WHICH IS THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFICIAL STATEMENT IS NOT BEING MADE AND WILL NOT BE MADE TO THE PUBLIC IN ANY MEMBER STATE OF THE EEA, OTHER THAN: (A) TO ANY LEGAL ENTITY WHICH IS A "QUALIFIED INVESTOR" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION; (B) TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN "QUALIFIED INVESTORS" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION)OR (C) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 1(4) OF THE PROSPECTUS REGULATION, SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT UNDERWRITER OR THE CORPORATION FOR ANY SUCH OFFER; PROVIDED THAT NO SUCH OFFER OF THE SECURITIES SHALL REQUIRE THE ISSUER OR THE INITIAL PURCHASERS TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION OR A SUPPLEMENT TO A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE PROSPECTUS REGULATION.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF SECURITIES TO THE PUBLIC" IN RELATION TO THE SECURITIES IN ANY MEMBER STATE OF THE EEA MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE SECURITIES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE SECURITIES.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "***QUALIFIED INVESTOR***" AS DEFINED IN THE PROSPECTUS REGULATION. THE CORPORATION AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE "INSURANCE DISTRIBUTION DIRECTIVE"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("**FSMA**") AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA. THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "FINANCIAL PROMOTION ORDER"), (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000) IN CONNECTION WITH THE ISSUE OR SALE OF ANY BONDS MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE BONDS (EXCEPT FOR BONDS WHICH ARE A "STRUCTURED PRODUCT" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571 OF THE LAWS OF HONG KONG) ("SECURITIES AND FUTURES ORDINANCE")) MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32 OF THE LAWS OF HONG KONG) ("COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE") OR (II) TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER, OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "PROSPECTUS" AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE, AND NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS MAY BE ISSUED OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUE (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE AN OFFER OR SOLICITATION TO PURCHASE OR INVEST IN THE BONDS. THE BONDS MAY NOT BE PUBLICLY OFFERED, DIRECTLY OR INDIRECTLY, IN SWITZERLAND WITHIN THE MEANING OF THE SWISS FINANCIAL SERVICES ACT ("FINSA") AND NO APPLICATION HAS OR WILL BE MADE TO ADMIT THE BONDS TO TRADING ON ANY TRADING VENUE (EXCHANGE OR MULTILATERAL TRADING FACILITY) IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS CONSTITUTES A PROSPECTUS PURSUANT TO THE FINSA, AND NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND.

NOTICE TO PROSPECTIVE INVESTORS IN SINGAPORE

THIS OFFICIAL STATEMENT HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE. ACCORDINGLY, THIS OFFICIAL STATEMENT AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE BONDS MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY THE BONDS BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN:

(I) TO AN INSTITUTIONAL INVESTOR (AS DEFINED IN SECTION 4A OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE (THE "SFA") UNDER SECTION 274, AS THE CASE MAY BE, SECTION 276(2);

(II) TO AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA) IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275 OF THE SFA OR, AS THE CASE MAY BE, SECTION 276(2);

(III) TO A RELEVANT PERSON (AS DEFINED IN SECTION 275(2) OF THE SFA) PURSUANT TO SECTION 275(1), OR ANY PERSON PURSUANT TO SECTION 275(1A), OR, AS THE CASE MAY BE, SECTION 276(2) AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275 OF THE SFA WHERE EACH SUCH PERSON IS (1) AN EXPERT INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA) OR (2) NOT AN INDIVIDUAL.

WHERE THE BONDS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 OF THE SFA BY A RELEVANT PERSON WHICH IS:

(A) A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR; OR

(B) A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR, SECURITIES OR SECURITIES-BASED DERIVATIVES CONTRACTS (EACH TERM AS DEFINED IN SECTION 2(1) OF THE SFA) OF THAT CORPORATION OR THE BENEFICIARIES' RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL NOT BE TRANSFERRED WITHIN SIX MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED THE BONDS PURSUANT TO AN OFFER MADE UNDER SECTION 275 OF THE SFA EXCEPT:

(A) TO AN INSTITUTIONAL INVESTOR OR TO A RELEVANT PERSON, OR TO ANY PERSON ARISING FROM AN OFFER REFERRED TO IN SECTION 275(1A) OR SECTION 276(4)(I)(B) OF THE SFA;

(B) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER;

(C) WHERE THE TRANSFER IS BY OPERATION OF LAW;

(D) AS SPECIFIED IN SECTION 276(7) OF THE SFA; OR

(E) AS SPECIFIED IN REGULATION 37A OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SECURITIES AND SECURITIES-BASED DERIVATIVES CONTRACTS) REGULATIONS 2018.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS, AND THE BONDS MAY NOT BE OFFERED, ISSUED OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. THE BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE BY INVESTORS RESIDING IN TAIWAN (EITHER DIRECTLY OR THROUGH PROPERLY LICENSED TAIWAN INTERMEDIARIES), BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY. ANY SUBSCRIPTIONS OF BONDS SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE CITIES OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURISDICTION OF INCORPORATION OF THE CITIES OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE BONDS SIGNED BY THE INVESTORS.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (NO. 25 OF 1948, AS AMENDED, THE “FIEA”). NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY “RESIDENT” OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE G OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEA. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA (“QIIs”). A QII WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

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DEPARTMENT OF TRANSPORTATION
HIGHWAY USER TAX REVENUE

$195,045,000*	**$612,165,000**
SUBORDINATE LIEN BONDS	**SENIOR LIEN REFUNDING BONDS**
SERIES 2020A	**SERIES 2020B**
(TAX-EXEMPT)	**(FEDERALLY TAXABLE)**

INTRODUCTION

General

The purpose of this Official Statement, including the cover page, inside cover page, table of contents and appendices, is to set forth information concerning the State of Oregon (the "State"), the Oregon Department of Transportation (the "Department" or "ODOT"), the State of Oregon Department of Transportation Highway User Tax Revenue Subordinate Lien Bonds, Series 2020A (Tax-Exempt) (the "2020A Subordinate Lien Bonds" or the "2020 Tax-Exempt Bonds") and the State of Oregon Department of Transportation Highway User Tax Revenue Senior Lien Refunding Bonds, Series 2020B (Federally Taxable) (the "2020B Senior Lien Bonds" or the "2020 Taxable Bonds" and together with the 2020A Subordinate Lien Bonds, the "2020 Bonds").

The 2020 Bonds are issued by the State, acting by and through the State Treasurer (the "State Treasurer"), at the request of the Department (collectively, the "Issuer"), pursuant to Article IX, Section 3a of the Oregon Constitution and the Oregon Revised Statutes ("ORS"), specifically ORS Chapter 286A, as amended, inclusive, ORS 367.605 to 367.665, as amended, inclusive, Chapter 3, Oregon Laws 2002 (First Special Session), Chapter 618, Oregon Laws 2003, Chapter 865, Oregon Laws 2009, Chapter 30, Oregon Laws 2010, Chapter 11, Oregon Laws 2013, Chapter 344, Oregon Laws 2015 and Chapter 38, Oregon Laws 2016 and Chapter 750, Oregon Laws 2017, as amended by Chapter 93, Oregon Laws 2018 and by Chapter 491, Oregon Laws 2019 (collectively, the "Act").

The Oregon Transportation Commission (the "Commission") adopted its Miscellaneous Resolution No. 314 on March 21, 2012, which among other things authorizes the issuance of Highway User Tax Revenue Bonds, from time to time, including the 2020B Senior Lien Bonds, for the purpose of refunding Outstanding Highway User Tax Revenue Bonds pursuant to the Act and the Declaration. The Commission adopted Resolution No. 322 on August 13, 2020, which among other things authorizes the sale, issuance, execution and delivery of the 2020A Subordinate Lien Bonds.

The 2020 Bonds are issued pursuant to the Act and the Conformed Amended and Restated Master Highway User Tax Revenue Bond Declaration (the "Master Declaration"), dated as of June 1, 2006 and conformed as of November 1, 2010, and the Nineteenth Supplement to the Amended and Restated Master Highway User Tax Revenue Bond Declaration to be dated as of September 1, 2020, amending and supplementing the Master Declaration, executed and delivered by the Department and approved by the State Treasurer (the "Nineteenth Supplemental Declaration"). Together, the Master Declaration, the prior Supplemental Declarations to the Master Declaration and the Nineteenth Supplemental Declaration are referred to collectively as the "Declaration." The Bank of New York Mellon Trust Company, N.A., the State's fiscal agent, has been appointed paying agent and bond registrar under the Declaration and is referred to in this Official Statement as the "Fiscal Agent," "Paying Agent" or the "Bond Registrar," as

* *Preliminary; subject to change.*

applicable. Capitalized terms used but otherwise not defined in this Official Statement have the meanings assigned in the Declaration.

The 2020A Subordinate Lien Bonds are secured by and payable solely from the Subordinate Security, as described herein, which consists primarily of the Pledged Revenues. The 2020A Subordinate Lien Bonds are issued as Subordinate Lien Obligations pursuant to the Master Declaration, on a subordinate, junior and inferior basis to Outstanding Senior Lien Bonds and any Additional Senior Lien Bonds, including the 2020B Senior Lien Bonds (collectively, the “Senior Lien Bonds”), and together with the Outstanding Subordinate Lien Obligations and any Additional Subordinate Lien Obligations that may be issued in the future (collectively, the “Subordinate Lien Obligations”) will be equally and ratably secured by the Subordinate Security. The 2020A Subordinate Lien Bonds will be issued as fixed rate bonds. See “AUTHORITY FOR ISSUANCE,” “DESCRIPTION OF THE 2020 BONDS,” “SECURITY AND SOURCES OF PAYMENT,” APPENDIX A—“INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020” and APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION.”

The 2020B Senior Lien Bonds are secured by and payable solely from the Trust Estate, as described herein, which consists primarily of the Pledged Revenues. The 2020B Senior Lien Bonds are issued as Senior Lien Bonds pursuant to the Master Declaration, and together with the Outstanding Senior Lien Bonds and any Additional Senior Lien Bonds that may be issued in the future (collectively, the “Senior Lien Bonds”), will be equally and ratably secured by the Trust Estate. The 2020 Bonds will be issued as fixed rate bonds. See “AUTHORITY FOR ISSUANCE,” “DESCRIPTION OF THE 2020 BONDS,” “SECURITY AND SOURCES OF PAYMENT,” APPENDIX A—“INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020” and APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION.”

Prospective purchasers of the 2020 Bonds are urged to carefully review “EFFECTS OF THE COVID-19 PANDEMIC” and APPENDIX C—“OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST.”

The 2020A Subordinate Lien Bonds are issued for the purpose of (i) financing projects on state highways as authorized by the Act, including, without limitation, projects designated as part of Keep Oregon Moving (as further described under “KEEP OREGON MOVING”), and (ii) paying costs of issuance of the 2020A Subordinate Lien Bonds. See “PLAN OF FINANCE AND REFUNDING” and “ESTIMATED SOURCES AND USES OF 2020 BOND PROCEEDS.”

The 2020B Senior Lien Bonds are issued for the purpose of (i) refunding certain Outstanding Senior Lien Highway User Tax Revenue Bonds, as described herein, and (ii) paying costs of issuance of the 2020B Senior Lien Bonds. See “PLAN OF FINANCE AND REFUNDING” and “ESTIMATED SOURCES AND USES OF 2020 BOND PROCEEDS.”

Additional Information

Brief descriptions of the Department and the 2020 Bonds are included in this Official Statement. More detailed information concerning the Department and the Highway User Tax Revenue Bond Program are included in APPENDIX A—“INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020.” Information concerning the State of Oregon pension and other post-retirement benefit programs is included in APPENDIX A2—“STATE OF

OREGON – PENSION AND OTHER POST-RETIREMENT BENEFIT PROGRAMS." The Department's Annual Financial Report (Unaudited) for Fiscal Year Ended June 30, 2019 and The Oregon Department of Transportation July 2020 Revenue Forecast are included as Appendices B and C, respectively.

Certain provisions of the Declaration are summarized in Appendix D hereto. All references herein to the Declaration, including the Nineteenth Supplemental Declaration, and the 2020 Bonds are qualified in their entirety by reference to such documents.

The proposed form of opinion to be delivered by Bond Counsel and the proposed form of continuing disclosure certificate to be executed and delivered by the State and the Department are included as Appendices E and F, respectively.

The information in APPENDIX G—"DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM" regarding DTC and its book-entry system has been furnished by DTC and no representation is made by the Issuer, the Underwriters, as defined herein under the heading "UNDERWRITING" or Public Resources Advisory Group (the "Municipal Advisor") for the accuracy or completeness of such information.

AUTHORITY FOR ISSUANCE

Constitutional Dedication of Revenues

Article IX, Section 3a of the Oregon Constitution provides that revenues received from taxes levied on the ownership, operation or use of motor vehicles and on motor vehicle fuel may be used only for the construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets and roadside rest areas in the State, the cost of administration, payment of refunds or credits and for the retirement of bonds for which such revenues have been pledged. See "SECURITY AND SOURCES OF PAYMENT."

Highway User Tax Revenue Bond Program

The Highway User Tax Revenue Bond program is set out under ORS 367.605 to 367.665. Pursuant to ORS 367.615, the Department may request the State Treasurer to issue and sell revenue bonds known as "Highway User Tax Revenue Bonds." Proceeds from the sale of Highway User Tax Revenue Bonds are declared to be for the purpose of building and maintaining permanent public roads and may be used, among other things, to finance the cost of state highway, county road and city street projects in the State, to pay the costs of issuing the bonds, for loans to cities and counties as provided by Oregon law, to pay debt service on the bonds, and to pay the costs of the State Treasurer and the Department to administer and maintain the bonds and the Highway User Tax Revenue Bond program. Highway User Tax Revenue Bonds are secured by and payable solely from the Trust Estate for the benefit of Senior Lien Bonds and the Subordinate Security for the benefit of Subordinate Obligations, which consists primarily of the Pledged Revenues. See "SECURITY AND SOURCES OF PAYMENT" and APPENDIX A—"INFORMATION RELATING TO THE DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—PLEDGED REVENUES."

The Oregon Legislative Assembly (the "Legislative Assembly") authorizes the issuance of Highway User Tax Revenue Bonds for financing preservation and modernization projects, for replacement and repair of bridges, for refunding or advance refunding any outstanding Highway User Tax Revenue Bonds issued under the Act and for any other lawful purpose. The Legislative Assembly authorized the issuance of Highway User Tax Revenue Bonds to finance transportation projects under three transportation program initiatives: the Oregon Transportation Investment Act ("OTIA"), the Jobs and Transportation Act ("JTA") and Keep Oregon Moving ("Keep Oregon Moving" and together with OTIA and JTA, the "Transportation Finance Acts" and each a "Transportation Finance Act"). All Highway User Tax Revenue Bonds authorized under the OTIA and JTA programs have been issued. For further discussion of these programs, see "KEEP OREGON MOVING" below and APPENDIX A—"INFORMATION RELATING TO THE DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—STATE TRANSPORTATION FINANCING PROGRAMS AND INITIATIVES."

Declaration

Pursuant to the Act, Highway User Tax Revenue Bonds are issued pursuant to the Declaration, and the Department designates the extent to which a series of Highway User Tax Revenue Bonds is secured and payable on a parity of lien or on a subordinate basis to existing or future Highway User Tax Revenue Bonds.

Prior to the issuance of the 2020 Bonds, there are nine series of Highway User Tax Revenue Bonds outstanding as Senior Lien Bonds (the "Outstanding Senior Lien Bonds") and two series of Highway User Tax Revenue Bonds outstanding as Subordinate Lien Obligations (the "Outstanding Subordinate Lien Obligations"). See "SECURITY AND SOURCES OF PAYMENT—Highway User Tax Revenue Bonds" and Table 3 for a summary of the Department's Outstanding Senior Lien Bonds and Outstanding Subordinate Lien Obligations.

Senior Lien Bonds and the Trust Estate. The 2020B Senior Lien Bonds, together with all Outstanding Senior Lien Bonds and any Additional Senior Lien Bonds issued pursuant to the Master Declaration are equally and ratably secured by the Trust Estate and payable from the Pledged Revenues on a parity of lien. See "SECURITY AND SOURCES OF PAYMENT—Pledged Revenues" and "—Highway User Tax Revenue Bonds" below, and APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION—MASTER DECLARATION—Issuance of Additional Senior Lien Bonds."

In addition to the Pledged Revenues that are pledged to the Senior Lien Obligations, the Department has pledged under the Declaration as security for the Senior Lien Bonds all of the Department's right, title and interest in (i) all moneys on deposit in the Debt Service Account (other than moneys credited to the Rebate Account therein), (ii) any Credit Facility given as security for payment of any amounts owing on any Senior Lien Bonds (provided that such Credit Facility shall secure only those Senior Lien Bonds for which it was given), (iii) any Financial Contract Receipts received in connection with any Financial Contract entered in connection with a Series of Senior Lien Bonds, and (iv) such other properties and assets as the State may hereafter pledge to the payment of the Senior Lien Bonds pursuant to any Supplemental Declaration or which may be delivered, pledged, mortgaged or assigned by any person as security for the Senior Lien Bonds. These rights, together with the Pledged Revenues, are referred to collectively in the Declaration as the "Trust Estate." For a further description of the Pledged Revenues and the Trust Estate under the Declaration, see "SECURITY AND SOURCES OF PAYMENT" below and APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION—MASTER DECLARATION—Security" and "—Lien on Pledged Revenues and Pledge of Trust Estate and Subordinate Security."

2020B Senior Lien Bonds. The Department is designating the 2020B Senior Lien Bonds as "Senior Lien Bonds" under the Master Declaration and is issuing the 2020B Senior Lien Bonds as "Additional Senior Lien Bonds" pursuant to the provisions of the Master Declaration governing the issuance of refunding bonds. The Department may issue Senior Lien Bonds as Additional Bonds to refund Outstanding Senior Lien Bonds without being required to satisfy the additional bonds test if the Annual Debt Service on the refunded Senior Lien Bonds does not exceed the Annual Debt Service on the refunded Senior Lien Bonds in any Fiscal Year by more than $5,000. See “PLAN OF FINANCE AND REFUNDING” below, and APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION—MASTER DECLARATION—Issuance of Additional Senior Lien Bonds.”

Subordinate Lien Obligations and the Subordinate Security. The 2020A Subordinate Lien Bonds, together with the Outstanding Subordinate Lien Obligations and any Additional Subordinate Lien Obligations are equally and ratably secured by the Subordinate Security and payable from the Pledged Revenues on a subordinate, junior and inferior basis to the pledge and lien of security for the Senior Lien Bonds. All references herein to the “Subordinate Lien Obligations” include the 2020A Subordinate Lien Bonds. See “SECURITY AND SOURCES OF PAYMENT—Highway User Tax Revenue Bonds” below, and APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION—MASTER DECLARATION—Issuance of Additional Subordinate Lien Obligations.”

In addition to the Pledged Revenues that are pledged to the Subordinate Lien Obligations on a subordinate, junior and inferior basis, the Department has pledged under the Declaration all of the Department’s right, title and interest in (i) all moneys on deposit in the Subordinate Lien Obligations Account within the Debt Service Account (other than (a) moneys credited to the Rebate Subaccount therein and (b) proceeds of any Credit Facility not pledged to such Series of Subordinate Lien Obligations), (ii) any Credit Facility given as security for payment of any amounts owing on any Subordinate Lien Obligations (provided that such Credit Facility shall secure only those Subordinate Lien Obligations for which it was given), (iii) any Financial Contract Receipts received in connection with any Financial Contract entered in connection with a Series of Subordinate Lien Obligations, and (iv) such other properties and assets as the State may hereafter pledge to the payment of the Subordinate Lien Obligations pursuant to any Supplemental Declaration or that may be delivered, pledged, mortgaged or assigned by any person as security for the Subordinate Lien Obligations; provided, however, that such other properties and assets shall not include any Pledged Revenues as defined in the Declaration. These rights, together with the Pledged Revenues, are referred to collectively in the Declaration as the “Subordinate Security.” For a further description of the Pledged Revenues, the Trust Estate and the Subordinate Security under the Declaration, see “SECURITY AND SOURCES OF PAYMENT” below and APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION—MASTER DECLARATION—Security” and “—Lien on Pledged Revenues and Pledge of Trust Estate and Subordinate Security.”

2020A Subordinate Lien Bonds. The Department is designating the 2020A Subordinate Lien Bonds as “Subordinate Lien Obligations” under the Declaration. Pursuant to the Declaration, the State is issuing the 2020A Subordinate Lien Bonds as “Additional Subordinate Lien Obligations” pursuant to the requirements, including the additional bonds test, of the Master Declaration. See “PLAN OF FINANCE AND REFUNDING” below, and APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION—MASTER DECLARATION—Issuance of Additional Subordinate Lien Obligations.”

Other Obligations Authorized. The Master Declaration allows the Department to authorize and issue other bonds, notes, certificates, warrants or other evidences of indebtedness for any lawful purpose relating to the Department and to provide for the payment of such other bonds, notes, certificates, warrants or other evidences of indebtedness with a lien and pledge on the Pledged Revenues, Additional Pledged Revenues or New Pledged Revenues that would be junior and inferior to the lien and pledge on the Pledged Revenues, Additional Pledged Revenues or New Pledged Revenues created under the Master Declaration for the payment and security of the Senior Lien Bonds and for the payment and security of the Subordinate Lien Obligations (the “Second Subordinate Lien Obligations”).

Subject to the Legislative Assembly authorizing the Department to issue Highway User Tax Revenue Bonds for future projects, the Department may determine to issue any such authorized Highway User Tax Revenue Bonds as Senior Lien Bonds, as Subordinate Lien Obligations, as Second Subordinate Lien Obligations or as other subordinate lien obligations as it determines necessary and appropriate at that time and subject to satisfying the requirements of the Declaration. See "SECURITY AND SOURCES OF PAYMENT—Other Debt Obligations" and APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—STATE TRANSPORTATION FINANCING PROGRAMS AND INITIATIVES."

Collectively, the Senior Lien Bonds, the Subordinate Lien Obligations and the Second Subordinate Lien Obligations authorized to be issued under the Declaration are referred to herein as Highway User Tax Revenue Bonds. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION."

Debt Service Account. Pursuant to the Declaration, the Department has created and established a Debt Service Account that is held in the custody of the State for payment of the principal of and interest on Highway User Tax Revenue Bonds. The Department must deposit Pledged Revenues on a monthly basis into the Debt Service Account and the subaccounts created therein. In the event of a deficiency in the required deposit to any of the funds and accounts as provided in the Declaration, unless the Department uses lawfully available Pledged Revenues on deposit in the State Highway Fund or other lawfully available moneys to cure such deficiency, all additional Pledged Revenues deposited into the State Highway Fund shall be deposited: (i) first to the applicable subaccounts within the Debt Service Account to make up any deficiencies in the funds and accounts designated for the Senior Lien Bonds; and (ii) second to the Subordinate Lien Obligations Account and any subaccounts therein to make up any deficiencies in the funds and accounts designated for the Subordinate Lien Obligations. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION—MASTER DECLARATION—Funds and Accounts."

KEEP OREGON MOVING

General

In 2017, the Legislative Assembly enacted Keep Oregon Moving (Chapter 750, Oregon Laws 2017, as amended by Chapter 93, Oregon Laws 2018 and by Chapter 491, Oregon Laws 2019, and as further amended from time to time, also referred to in Department documents as HB 2017) to address three identified priorities: to protect, preserve and maintain the State's transportation system; to address the effects of congestion, particularly in the Portland metro region, and to increase investment in public transportation in both urban and rural areas. When all of the new revenue sources are fully phased in, Keep Oregon Moving is expected to result in investment of more than $600 million a year across all modes of the State's transportation system, representing the State's largest transportation investment in Oregon's history.

Keep Oregon Moving went into effect on October 6, 2017, and includes phased revenue increases, as described below, through calendar year 2024. Through its first 10 years, Keep Oregon Moving is currently projected to generate approximately $4.8 billion in new revenues. Of that figure, $3.7 billion is expected to be included as Pledged Revenues (of which approximately $328 million is attributable to increases in fuel taxes that are contingent upon certain conditions as described below), and $1.4 billion is expected from other fees and taxes to be implemented as part of Keep Oregon Moving. See APPENDIX A—"INFORMATION RELATING TO THE DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS

OF SEPTEMBER 2, 2020—PLEDGED REVENUES—Impact of Increased Revenues Under Keep Oregon Moving" for additional details.

Keep Oregon Moving authorizes the issuance of additional Highway User Tax Revenue Bonds, in an aggregate principal amount sufficient to produce net proceeds of not more than $480 million to finance projects across the state. The 2020A Subordinate Lien Bonds are the first series of bonds to be issued to finance projects authorized under Keep Oregon Moving, and such bonds are expected to generate approximately $240 million* of the total $480 million in net proceeds authorized under Keep Oregon Moving. See APPENDIX A—"INFORMATION RELATING TO THE DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—STATE TRANSPORTATION FINANCING PROGRAMS AND INITIATIVES."

Additionally, Keep Oregon Moving anticipates the issuance of and provides for the payment of debt service on bonds to finance the Interstate 5 Rose Quarter Project, although such bonds are not authorized in the current biennium. See APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—PLEDGED REVENUES—Revenue Sharing Transfers and Program Set Asides—*Keep Oregon Moving Allocation*" for additional discussion of the Interstate 5 Rose Quarter Project.

Increases to Pledged Revenues

Keep Oregon Moving increases a variety of transportation-related fees including those currently pledged to the payment of Highway User Tax Revenue Bonds and creates several new sources of revenues that are legally available to secure and pay Highway User Tax Revenue Bonds. Increases in revenues already pledged to the payment of Highway User Tax Revenue Bonds constitute Additional Pledged Revenues under the Master Declaration, and when available, may be used to pay and secure Highway User Tax Revenue Bonds without further action by the Department or the Commission.

Additionally, Keep Oregon Moving created certain new fees and charges which generate revenues that constitute legally available moneys that the Department may affirmatively pledge to the payment of Highway User Tax Revenue Bonds. These revenues include the establishment of a new registration charge schedule based on a vehicle's fuel efficiency performance (the "Registration Surcharge"), a new title fee schedule determined by the vehicle's miles-per-gallon rating (the "Title Fee Surcharge") and a use tax imposed on the storage, use or consumption in the State of taxable motor vehicles (the "Use Tax" and together with the Registration Surcharge and the Title Fee Surcharge, the "New KOM Revenues"). The Department has pledged the New KOM Revenues to secure and pay Highway User Tax Revenue Bonds. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION."

Excluding the increases to fuel taxes, which are subject to conditions described below, Keep Oregon Moving implements a phased schedule for increases to fees and taxes, some of which took effect on January 1, 2018 and January 1, 2020, and with statutory increases scheduled through January 1, 2024.

The first two of four possible increases to fuel taxes under Keep Oregon Moving took effect on January 1, 2018 and January 1, 2020. Potential future increases in 2022 and 2024 are contingent upon the Department, the Commission and local governments meeting certain accountability requirements, including the establishment of uniform standards for bridge and pavement conditions for ODOT and local

* *Preliminary; subject to change.*

governments to follow; the delivery of reports from local governments on their bridge and pavement conditions based on such standards; and reporting on the status of certain transportation projects. In the event that the conditions for future Fuel Tax Revenues (as defined herein) increases are not satisfied, the Department would be required under the cost responsibility provisions of Article IX, Section 3(a)(3) of the Oregon Constitution to evaluate and possibly roll back all or a portion of the corresponding incremental increases of Motor Carrier Revenues to ensure fairness and proportionality. See APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—PLEDGED REVENUES—Fuel Tax Revenues—*Constitutional Cost Responsibility*."

The following is a brief summary of the funding increases under Keep Oregon Moving for roads and bridges. See "SECURITY AND SOURCES OF PAYMENT—Pledged Revenues" and "—Legally Available Moneys" below.

Summary of Keep Oregon Moving Highway Funding Increases

Funding Source	**Effective Dates (January 1)**	**Statutory Increases (January 1)** [(1)]	**Contingent Increases (January 1)** [(2)]
DMV Revenues	2018 2020	2022 2024	n/a
Motor Carrier Revenues	2018 2022	2022[(2)] 2024[(2)]	n/a
Fuel Tax Revenues	2018 ($.04) 2020 ($.02)	n/a	2022 ($.02) 2024 ($.02)
New KOM Revenues	2018 2020	2022	n/a

Source: Oregon Department of Transportation, Keep Oregon Moving (HB 2017) Frequently Asked Questions.
[(1)] See Keep Oregon Moving for specific taxes, fees and charges that are subject to statutory scheduled increases.
[(2)] Increases to fuel tax are contingent on meeting statutory thresholds as specified in Keep Oregon Moving. Future statutory increases to Motor Carrier Revenues may be subject to review by the Department consistent with the cost responsibility requirement of Article IX, Section 3(a)(3) of the Oregon Constitution. See discussion in Appendix A under the heading "PLEDGED REVENUES – Motor Carrier Revenues – *Constitutional Cost Responsibility.*"

For further description of the increases to Pledged Revenues under Keep Oregon Moving, see APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—PLEDGED REVENUES—Impact of Increased Revenues under Keep Oregon Moving."

Funding for Other Transportation Improvements

Keep Oregon Moving authorizes significant funding for non-highway transportation modes that do not constitute Pledged Revenues, which are summarized below:

Summary of Keep Oregon Moving Non-Highway Transportation Funding

Funding Source	Amount	Purpose	Effective Date
Payroll Tax	0.1% employee payroll tax ($1 for every $1,000 in payroll)	Improve public transportation service in rural and urban communities	July 1, 2018
Bicycle Excise Tax	$15 on the retail sale of adult bikes	Off-road bicycle and pedestrian paths that serve commuters	January 1, 2018
Privilege Tax	0.5% on new car sales	Fund rebates to encourage sales of electric vehicles; provide funding source for Connect Oregon program	January 1, 2018

Source: Oregon Department of Transportation, Keep Oregon Moving (HB 2017) Frequently Asked Questions

Additionally, the Legislative Assembly also dedicated $10 million a year, rising to $15 million in 2023, for the Safe Routes to School program that has been targeted to build bike lanes, sidewalks, and safe crossings so kids can safely walk or bike to school. Funding will go to both local roads and State highways with a focus on high-crash corridors near schools where kids are at the most danger. See APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—PLEDGED REVENUES—Revenue Sharing Transfers and Program Set Asides—*Keep Oregon Moving Allocation*."

Finally, Keep Oregon Moving increases the Commission's oversight responsibility, requiring rigorous analysis of major highway expansion projects, enhancing the role of the Department's auditor and creating an advisory committee to advise the Commission on maximizing efficiency gauging the Department's performance.

DESCRIPTION OF THE 2020 BONDS

General

The 2020 Bonds are issued in the aggregate principal amounts set forth on the inside cover pages of this Official Statement. The 2020 Bonds are dated the date of delivery to the Underwriters. Interest on the 2020 Bonds is to accrue on the basis of a 360-day year based on twelve 30-day months from the date of delivery to the Underwriters at the respective rates per annum set forth on the inside cover page. Interest on the 2020 Bonds is payable semiannually on May 15 and November 15 of each year beginning on November 15, 2020, and principal of the 2020 Bonds is payable on November 15 in the years and in the principal amounts set forth on the inside cover pages of this Official Statement.

The 2020 Bonds will be issued in fully registered form in denominations of $5,000 and integral multiples thereof. The 2020 Bonds will be registered in the name of Cede & Co. as registered owner and nominee of DTC. As long as the 2020 Bonds are registered in such name or in the name of a successor nominee, the ownership of the 2020 Bonds will be evidenced by book-entry. See APPENDIX G—"DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM." Purchasers will not receive certificated 2020

Bonds. So long as Cede & Co. is the registered owner of the 2020 Bonds, reference herein to the Bondholders or registered owners will mean Cede & Co.

So long as Cede & Co. is the registered owner of the 2020 Bonds, principal of, premium, if any, and interest on the 2020 Bonds are payable by wire transfer of funds by the Paying Agent to Cede & Co., as nominee of DTC. DTC is obligated, in turn, to remit such amounts to its participants as described herein for subsequent disbursement to the Beneficial Owners. See APPENDIX G—"DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM."

Redemption of 2020A Subordinate Lien Bonds*

Optional Redemption. The 2020A Subordinate Lien Bonds maturing on or after November 15, 20__ 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 15, 20__ (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, without premium.

Mandatory Sinking Fund Redemption. The 2020A Subordinate Lien Bonds maturing on November 15, 20__ are term bonds subject to mandatory redemption in the principal amounts on November 15 of the years shown below, at a redemption price equal to 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption:

2020A Subordinate Lien Term Bonds
Due November 15, 20__

Year (November 15)	Principal Amount
	$
†	

† Final Maturity

To the extent the State redeems by optional redemption or purchases for cancellation any 2020A Subordinate Lien Bonds, the State may reduce the mandatory redemption requirements of such 2020A Subordinate Lien Bonds of the same maturity in like aggregate principal amount in the year or years specified by the State.

* *Preliminary; subject to change.*

Redemption of 2020B Senior Lien Bonds*

Optional Redemption. The 2020B Senior Lien Bonds maturing on or after November 15, 20__ 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 15, 20__ (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, without premium.

Mandatory Sinking Fund Redemption. The 2020B Senior Lien Bonds maturing on November 15, 20__ are term bonds subject to mandatory redemption in the principal amounts on November 15 of the years shown below, at a redemption price equal to 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption:

2020B Senior Lien Term Bonds
Due November 15, 20__

Year (November 15)	Principal Amount
	$
†	

† Final Maturity

Make-Whole Optional Redemption. The 2020B Senior Lien Bonds are subject to redemption at the option of the State prior to their stated maturity dates, as a whole or in part, on any business day prior to November 15, 20__, at the "Make-Whole Redemption Price," as defined below, plus accrued and unpaid interest on the 2020B Senior Lien Bonds to be redeemed on the date fixed for redemption.

The "Make-Whole Redemption Price" means the greater of (i) 100 percent of the principal amount of the 2020B Senior Lien Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the 2020B Senior Lien Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2020B Senior Lien Bonds are to be redeemed, discounted to the date on which the 2020B Senior Lien Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the "Treasury Rate" defined below, plus the "Applicable Spread" defined below.

"Applicable Spread" means, (i) with respect to the 2020B Senior Lien Bonds maturing in years ___ through ___, __ basis points; (ii) with respect to the 2020B Senior Lien Bonds maturing in years ____ through ____, __ basis points; and (ii) with respect to the 2020B Senior Lien Bonds maturing in years ____ through ____, __ basis points.

"Treasury Rate" means, with respect to any redemption date for a particular 2020B Senior Lien Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the actual or interpolated rate based on (a) the most recent yield data for the applicable U.S. Treasury maturity index or indices, as applicable, from the Federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m. New York City time, on the Valuation Date; or (b) if the yield described in (a) above is not reported as of such date and time or the yield reported as of such date and time is not ascertainable, the semi-annual equivalent yield to maturity of the

* *Preliminary; subject to change.*

Comparable Treasury Issue or Comparable Treasury Issues, assuming that such Comparable Treasury Issue or Comparable Treasury Issues are purchased on the redemption date for a price equal to the applicable Comparable Treasury Price, as calculated by the Designated Investment Banker.

"Comparable Treasury Issue" means, with respect to any redemption date for a particular 2020B Senior Lien Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the 2020B Senior Lien Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the 2020B Senior Lien Bonds to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a particular 2020B Senior Lien Bond, the average of four Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all quotations obtained by the Designated Investment Banker.

"Designated Investment Banker" means a Reference Treasury Dealer appointed by the Department.

"Reference Treasury Dealer" means each of four firms, specified by the State from time to time, that are primary United States Government securities dealers in the City of New York (each, a "Primary Treasury Dealer"); provided, that if any of them ceases to be a Primary Treasury Dealer, the Department is to substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a particular 2020B Senior Lien Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the Valuation Date.

"Valuation Date" means at least three (3) Business Days but not more than twenty (20) calendar days prior to the mailing of redemption notice.

In connection with an optional redemption of the 2020B Senior Lien Bonds prior to their stated maturity dates, as a whole or in part, on any business day, at the Make Whole Redemption Price, the State would appoint a Designated Investment Banker and specify four Reference Treasury Dealers to take any further actions as provided in the Nineteenth Supplemental Declaration.

Redemption Notice and Selection Provisions

Notice of Redemption of 2020 Bonds. The Paying Agent shall send notice of any redemption to Bondowners affected by such redemption at least 20 days (or, if the 2020 Bonds are held in book-entry form, such other minimum number of days as may be provided for under the operational procedures then in effect for DTC) but not more than 60 days before the applicable date fixed for redemption by first-class mail (or, with respect to 2020 Bonds held by DTC, by electronic means) to each Owner of a 2020 Bond to be redeemed at the Owner's registered address. Failure to give any required notice of redemption or any defect therein as to any particular 2020 Bonds will not affect the validity of the call for redemption of any 2020 Bonds in respect of which no failure occurs. Any notice sent as provided in the Nineteenth Supplemental Declaration will be conclusively presumed to have been given whether or not actually received by the addressee.

The Department shall provide that, if at the time of mailing of notice of optional redemption for the 2020 Bonds to be called for redemption, there shall not have been deposited with the Paying Agent moneys sufficient to redeem all the 2020 Bonds called for redemption, on or before the date fixed for redemption, and/or such other condition stated in the notice of optional redemption shall not have been satisfied, on or prior to the date fixed for redemption, such notice shall state that it is conditional, that is, subject to the deposit of the redemption moneys with the Paying Agent or the satisfaction of any other condition specified in the notice, such notice shall be of no force and effect unless such moneys are so deposited or such conditions are satisfied. In the event sufficient moneys are not on deposit or specified conditions are not satisfied on the required date, then the redemption shall be canceled and on such cancellation date notice shall be mailed to holders of the 2020 Bonds called for such redemption. If any 2020 Bonds are at the time of redemption not held in book-entry form, then at least two days before the date of the mailing required by the preceding sentence, such redemption notice shall be given by (i) registered or certified mail, postage prepaid; (ii) Electronic Means or (iii) overnight delivery service, to the Information Repository selected by the Department and designated in writing to the Paying Agent. Failure to give the notice described in this paragraph or any defect therein shall not in any manner affect the redemption of any 2020 Bond.

Selection of the 2020A Subordinate Lien Bonds for Optional Redemption. If fewer than all of the 2020A Subordinate Lien Bonds of a maturity are redeemed prior to maturity, then (i) if the 2020A Subordinate Lien Bonds are in Book-Entry-Only form at the time of such redemption, the interests of the DTC Participants in the 2020A Subordinate Lien Bonds to be redeemed are to be selected by lot in accordance with DTC's operational procedures; and (ii) if the 2020A Subordinate Lien Bonds are not then in Book-Entry-Only form at the time of such redemption, on each date fixed for redemption, the Paying Agent is required to select the specific 2020A Subordinate Lien Bonds for redemption by lot.

Selection of the 2020B Senior Lien Bonds for Optional Redemption. If the 2020B Senior Lien Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the 2020B Senior Lien Bonds is to be effected by the Paying Agent among owners on a pro rata basis subject to minimum Authorized Denominations. The particular 2020B Senior Lien Bonds of such maturity to redeemed shall be determined by the Paying Agent, using such method as it deems fair and appropriate.

If the 2020B Senior Lien Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the 2020B Senior Lien Bonds, if fewer than all of a maturity of 2020B Senior Lien Bonds are to be redeemed prior to maturity, the particular 2020B Senior Lien Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC's operational procedures, provided that, so long as the 2020B Senior Lien Bonds are held in book-entry form, the selection for redemption of such 2020B Senior Lien Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the Paying Agent pursuant to DTC operational arrangements. If the Paying Agent does not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis, the 2020B Senior Lien Bonds will be selected for redemption by lot in accordance with DTC's operational procedures.

It is the State's intent with respect to the 2020B Senior Lien Bonds that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Department and the Beneficial Owners be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. The State can provide no assurance, however, that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the 2020B Senior Lien Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the 2020B Senior Lien Bonds will be selected for redemption by lot in accordance with DTC's operational procedures.

Purchase on the Open Market. The Department reserves the right to purchase any 2020 Bonds on the open market from any available funds and to deliver such 2020 Bonds to the Paying Agent for cancellation. At the direction of the Department, the principal amounts of 2020A Subordinate Lien Bonds that are Term Obligations purchased and delivered to the Paying Agent for cancellation pursuant to the Nineteenth Supplemental Declaration shall be credited against future mandatory redemption payments for Term Obligations of the same series and maturity and bearing interest at the same rate in the years specified by the Department. The principal amount of the 2020A Subordinate Lien Bonds to be redeemed by mandatory redemption pursuant to the Nineteenth Supplemental Declaration shall be reduced by the principal amount of 2020A Subordinate Lien Bonds of the same series and maturity and bearing interest at the same rate purchased by the Department and delivered to the Paying Agent for cancellation at least 45 days prior to the date fixed for mandatory redemption.

PLAN OF FINANCE AND REFUNDING*

2020A Subordinate Lien Bonds

The Issuer plans to use the proceeds from the sale of the 2020A Subordinate Lien Bonds to finance projects on state highways as authorized by the Act, including, without limitation, projects designated as part of Keep Oregon Moving, and to pay all or a portion of the costs of issuance of the 2020A Subordinate Lien Bonds. Keep Oregon Moving authorizes the issuance of additional Highway User Tax Revenue Bonds, in an aggregate principal amount sufficient to produce net proceeds of not more than $480 million to finance projects across the State. The 2020A Subordinate Lien Bonds are the first series of bonds to be issued to finance projects authorized under Keep Oregon Moving. See "KEEP OREGON MOVING" above.

2020B Senior Lien Bonds

The Issuer plans to use a portion of the proceeds to be received from the sale of the 2020B Senior Lien Bonds to advance refund a portion of its Highway User Tax Revenue, Senior Lien Bonds, Series 2013A, Highway User Tax Revenue, Senior Lien Refunding Bonds, Series 2014A, and Highway User Tax Revenue, Senior Lien Refunding Bonds, Series 2015A (the "Refunded Bonds") shown in the Table 1. For this purpose, the Issuer intends to establish Escrow Deposit Accounts with the Escrow Agent for the Refunded Bonds. The Issuer expects to purchase direct obligations of the United States or obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States for deposit into the Escrow Deposit Accounts together with cash or cash equivalents, if necessary, in an amount sufficient to provide for the redemption of the Refunded Bonds.

The refunding of the Refunded Bonds is subject to market conditions, and the Issuer may determine not to refund some or all of the Refunded Bonds if, in the opinion of the Issuer, market conditions are not favorable. The Issuer could also determine to refund additional Outstanding Highway User Tax Revenue Bonds if market conditions warrant.

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* *Preliminary; subject to change.*

TABLE 1
OUTSTANDING SENIOR LIEN HIGHWAY USER TAX REVENUE BONDS TO BE REFUNDED WITH PROCEEDS OF THE 2020B SENIOR LIEN BONDS

Series	Maturity Date	Principal Amount	Coupon	Redemption Date	Redemption Price	CUSIP Number (68607D)
2013A	11/15/2025	$ 9,350,000	4.00%	11/15/2023	100%	QK4
2013A	11/15/2031	3,840,000	4.00	11/15/2023	100	QR9
2013A	11/15/2034	22,470,000	4.25	11/15/2023	100	QV0
2014A	11/15/2026	4,380,000	5.00	11/15/2024	100	RQ0
2014A	11/15/2027	20,185,000	5.00	11/15/2024	100	RR8
2014A	11/15/2028	21,220,000	5.00	11/15/2024	100	RS6
2014A	11/15/2029	22,305,000	5.00	11/15/2024	100	RT4
2014A	11/15/2030	23,450,000	5.00	11/15/2024	100	RU1
2014A	11/15/2031	24,530,000	4.00	11/15/2024	100	RV9
2015A	11/15/2026	15,785,000	5.00	11/15/2024	100	SD8
2015A	11/15/2027	31,110,000	5.00	11/15/2024	100	SE6
2015A	11/15/2028	51,305,000	5.00	11/15/2024	100	SF3
2015A	11/15/2029	53,940,000	5.00	11/15/2024	100	SG1
2015A	11/15/2030	58,495,000	5.00	11/15/2024	100	SH9
2015A	11/15/2031	61,495,000	5.00	11/15/2024	100	SJ5

† Term Bond.

Verification

Causey Demgen & Moore Inc. (the “Verification Agent”) is expected to deliver to the Issuer on or before the date the 2020B Senior Lien Bonds are issued its reports indicating that it has verified the mathematical accuracy of (i) the mathematical computations relating to the sufficiency of the cash, if any, and maturing principal of and interest on the escrow investments to pay, when due, prepayment price, the principal of, and interest and premium on the Senior Lien Refunded Bonds and (ii) any mathematical computations required by Bond Counsel, if applicable.

Bond Counsel may also rely upon such information in concluding that, subject to the condition that the State comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended, (the “Code”) under present law, the redemption of the Senior Lien Refunded Bonds issued on a tax-exempt basis will not adversely affect the exclusion of interest on such Senior Lien Refunded Bonds from gross income for purposes of federal income taxation and that such redemption complies with and is permitted by the Master Declaration. See “TAX MATTERS.”

ESTIMATED SOURCES AND USES OF 2020 BOND PROCEEDS*

The estimated sources and uses of proceeds of the 2020 Bonds are set forth below.

	Series 2020A Senior Lien Bonds	Series 2020B Senior Lien Bonds	Total
SOURCES:			
Par Amount			
Original Issue Premium			
Funds on Deposit for Refunded Bonds			
Total Sources			
USES:			
Project Fund Deposit			
Escrow Deposit			
Costs of Issuance (1)			
Total Uses			

(1) Includes Underwriters' discount, additional proceeds and other costs associated with the issuance of the 2020 Bonds, including legal fees, municipal advisor fees, escrow verification fees and rating agency fees.

EFFECTS OF THE COVID-19 PANDEMIC

General

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization ("WHO"). Governor Brown issued an executive order on March 8, 2020, declaring a state of emergency due to the COVID-19 outbreak in the State, which has been extended three times, through November 3, 2020, and may continue to be extended as and if needed. Additionally, the Governor has issued and may issue future executive orders to mitigate and address ongoing effects of the COVID-19 pandemic including, without limitation, providing for limitations on travel, business operations and economic reopening, including following a phased approach for reopening Oregon's economy on a county-by-county basis with restrictions being re-imposed by order of the Governor if there is a resurgence of COVID-19. Activities permitted under Phase I include, among other things, reopening of certain businesses, such as restaurants, salons and gyms, and local gatherings of groups up to 25 people, so long as social distancing measures can be maintained. Phase II permits larger gatherings of up to 50 indoors or 100 people outdoors, subject to social distancing measures. Due to increasing infection rates in certain counties throughout the State, the Governor has and may in the future move counties between phases and order the return to shelter-in-place. Based on Executive Order No. 20-29 and metrics released by the Governor in July 2020, due to the increasing spread of COVID-19 in both rural and urban counties within Oregon, many, if not most, schools in the State will begin school in the fall by focusing on online distance learning or will have a hybrid model that combines remote online education and in-person classroom time. Public health considerations related to the COVID-19 pandemic, and associated governmental and regulatory responses, have and are expected to continue to evolve in response to virus-related developments.

On March 13, 2020, the President declared the ongoing COVID-19 pandemic a national emergency of sufficient severity to warrant an emergency declaration for purposes of making disaster assistance available through FEMA's Request for Public Assistance ("RPA"). On March 24, 2020, Governor Brown requested the President to declare a major disaster for the State, retroactive to January 20, 2020. The request was granted, allowing emergency expenditures incurred by state, territorial, tribal,

* *Preliminary; subject to change.*

and local government entities, as well as certain non-profit organizations, to be reimbursed through the RPA process. The United States government and the Federal Reserve Board are taking legislative and regulatory actions and implementing measures to mitigate the broad disruptive effects of the COVID-19 pandemic. The Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") established a $150 billion Coronavirus Relief Fund ("CRF") to, among other things, provide financial assistance to states. The State received an allocation of $1.388 billion from the CRF. The Legislative Assembly is expected to be involved in determining the use of funds the State receives from the CRF and other sources of federal financial assistance, consistent with federal guidance. As of September 1, 2020, the Department has not received any allocation of CARES Act or CRF funds through the State or otherwise. As described below, the Department is tracking its COVID-related costs.

As indicated in the State's Economic and Revenue Forecast, released by State's Department of Administrative Services Office of Economic Analysis ("OEA"), May 20, 2020 (the "State June 2020 Forecast"), the effects of COVID-19 and the actions taken at the State and national levels to halt its spread have had, and are expected to continue to have, a significant negative affect on the revenues and economy of the State.

The Legislative Assembly met in special session on August 10, 2020 (the "Second Special Session") and took action to, among other things, close an estimated $1.2 billion shortfall in revenues and balance the 2019-2021 biennium general fund budget by, among other things, providing for the transfer of moneys from the Education Stability Fund to the State School Fund, improve the administration of and access to unemployment benefits and other actions in response to the ongoing effects of COVID-19, and to limit the use of force by police. None of the actions taken by the Legislative Assembly during the Second Special Session affect the Pledged Revenues or the operations of the Department related to the Highway User Tax Bond program. The Department cannot predict whether the Legislative Assembly will call additional special sessions and any actions the Legislative Assembly may take at such special sessions.

Effects on Operations and Revenues of the Department

COVID-19 has impacted the Department's operations, although not equally across divisions. The DMV has been most affected as a result of the closure on March 25, 2020 of 54 of its 60 field offices, with the six offices that remained open only offering appointments for commercial driver licensing. Other services such as vehicle titles and registration remained accessible through other service channels, such as online, dealers, and mail, but transaction volumes still dropped significantly since many prefer to conduct DMV business in-person at field offices. Over the April and May timeframe, the Department estimates that vehicle transactions and driver transactions dropped 40% and 95%, respectively. The DMV partnered with law enforcement to extend a moratorium on citations for expired licenses, registrations, permits or ID cards through October 1, 2020, which further reduced demand for DMV services.

Beginning in June, DMV field offices began reopening to the public by appointment only for limited services, including driver licensing, ID cards, knowledge tests, disabled placards, license reinstatements and VIN inspections. In August, DMV field offices started offering driver skills testing to a small group of applicants. Later this fall, DMV field offices may start accepting title and registration transactions. The capacity of field offices is severely limited with occupancy caps on lobbies, and many counters and testing devices are in close proximity to each other. The DMV rolled out a new computer system in July 2020 that included several new online services (e.g., replacement driver licenses and ID cards, reinstatement fee payment, etc.) that over time is expected to ease demand on field offices. The Department cannot predict how long it will take for DMV field offices to address the backlog of demand caused as a result of the COVID-related shutdown of offices. The DMV also began issuing RealID compliant licenses and ID cards in July 2020. For more information about RealID implementation and

DMV revenues, see APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—PLEDGED REVENUES—Impact of Revenues Under Keep Oregon Moving—*DMV Revenues*" and APPENDIX C—"OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST."

Other Department divisions have largely been able to adapt business practices to continue to perform their jobs. Staff that can work remotely have moved to telework, with almost 2,000 employees working remotely.

As a result of the COVID-19 pandemic and related restrictions on travel and business activities across the State, traffic volumes have decreased, as described below and in more detail in ODOT's July 2020 Revenue Forecast, released July 13, 2020 (the "ODOT July 2020 Forecast"). The ODOT July 2020 Forecast is an update of its April 2020 semiannual forecast, and was prepared consistent with the State's June 2020 Forecast, to assess and update the impact of the COVID-19 pandemic on the Department's operations given the rapidly evolving nature of the COVID-19 pandemic on the State and national economy. The Department typically publishes a semiannual revenue forecast, generally in April and October of each year, to assist budget and financial planners and policy-makers in formulating budgets and other decision-making activities. The Department's revenue forecast is prepared using data from the most recent economic and revenue forecast that is required by Oregon law to be prepared on a quarterly basis (the "State Economic Forecast") by the OEA, and using the same macroeconomic forecast from IHS Global Insight, Inc., which is used by OEA for the State Economic Forecast. See "EFFECTS OF THE COVID-19 PANDEMIC," APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—DEPARTMENT FINANCES—ODOT Revenue Forecast" and APPENDIX C—"OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST."

The following summary highlights the effects of the COVID-19 pandemic and ongoing response efforts on certain components of Pledged Revenues according to the ODOT July 2020 Forecast. For a complete discussion of the impact of the COVID pandemic on the Department's revenue forecast, see APPENDIX C—"OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST."

According to the ODOT July 2020 Forecast, beginning with the week of March 23, 2020 traffic volumes initially dropped to almost 50% compared to the same period in 2019. Since that time, there has been a corresponding reduction in motor fuels revenues, which the ODOT July 2020 Forecast estimates at $44 million by comparing a pre-COVID-19 baseline forecast to actual tax receipts from January through May. As indicated in the ODOT July 2020 Forecast, traffic has gradually increased as counties within the State began to enter phase one and two of reopening. By the week of June 21, 2020 traffic was back to 10% below the prior year's level. The Department cannot predict if traffic will continue to increase and at what rate and the resulting impact on motor fuel revenues, DMV revenues and motor carrier revenues.

Comparatively, through May, the most recent month of available data, trucking activity has not been significantly impacted by COVID-19 and the resulting recession. Overall, the ODOT July 2020 Forecast projects a slight decline in weight-mile transactions of about 4.0% percent in Fiscal Year ending June 30, 2021 over Fiscal Year ended June 30, 2020, and then a slow recovery through Fiscal Year ending June 30, 2024.

DMV transaction volumes were significantly impacted by office closures from mid-March through May 2020. May 2020 actual revenues were 59% lower than the Department's April 2020 revenue forecast, and overall, for the 2019-21 biennium, DMV revenues are estimated at 3.9% lower than forecast in the Department's April 2020 revenue forecast.

Overall, the Department's July 2020 Forecast shows a decline in gross State Highway Revenues over the forecast period through the 2027-2029 biennium. The 2019-2021 biennium drop is mostly attributed to the closing of DMV offices. The forecast change compared to the Department's April 2020 revenue forecast is more significant in the 2021-2023 biennium due to an extended economic recession recovery period that runs through the 2023-2025 biennium. In total, the Department's July 2020 Forecast estimates the loss in revenue due to the recession to be about $170 million over the 2019-2021 biennium, and because the recovery is forecast to extend into the mid 2020's the related impact is forecast to extend as well.

The table below, derived from the data presented as Table 2 in the ODOT July 2020 Forecast, highlights some of the most important revenue generating transactions in the ODOT State highway revenue forecast. The effects of the COVID-19 pandemic can be seen in 2020 with across the board declines, followed by a recovery beginning in 2021. See Table 2 in APPENDIX C—"OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST" for the complete table.

Percentage Change in Selected Key Oregon Transportation Indicators
(Calendar Years)

	Actual			Forecast				
	2018	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Motor Fuels Gallons (without Keep Oregon Moving triggers)	0.3%	-0.2%	-10.3%	10.6%	0.7%	-0.1%	-0.1%	-0.3%
Motor Fuels Gallons (with Keep Oregon Moving triggers)	0.3%	-0.2%	-10.3%	10.6%	0.6%	-0.2%	-0.1%	-0.3%
Original Class C Licenses	-1.4%	-3.0%	-8.9%	31.6%	-13.9%	0.9%	2.8%	0.3%
Passenger Vehicle Registrations	1.1%	0.3%	-2.9%	2.3%	-0.8%	2.1%	-0.2%	1.3%
Title Transfers	-1.1%	-3.3%	-9.1%	5.3%	1.5%	1.8%	0.9%	0.4%
Trucking Activity (Weight-Mile)	-2.1%	0.8%	-1.9%	1.5%	-0.8%	2.6%	-0.6%	1.5%

Source: Oregon Department of Transportation, July 2020 Forecast, Excerpt of Table 2

The historical financial information and operating data set forth in the ODOT July 2020 Forecast for the dates as of and for the periods that occurred before the COVID-19 pandemic and the measures instituted to control such pandemic may not be indicative of future results or performance due to these and other factors.

The projections set forth in the ODOT July 2020 Forecast represent the Department's forecast of future results as of the date of preparation based on information then available to the Department as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the Department. No assurance can be given that the future results discussed therein will be achieved, and actual results may differ materially from the forecasts described therein. In this respect, the words "estimate," "project," "forecast," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements.

The prospective financial information contained in the ODOT July 2020 Forecast was not prepared with a view toward compliance with published guidelines of the United States Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

Market and Economic Disruption

As described above, the State and federal governments have taken, and are expected to continue to take, various actions, including the passage of laws and regulations, on a wide array of topics, in an attempt to slow the spread of COVID-19 and to address the health and economic consequences of the outbreak. The outbreak of COVID-19 has adversely affected, and is expected to continue to affect, travel, commerce and financial markets in the State, across the United States and globally and is widely expected to affect economic growth worldwide. The COVID-19 pandemic has resulted in volatility in the U.S. and global financial markets. Financial results, generally, and liquidity, in particular, may be materially diminished. Access to capital markets may be hindered and increased costs of borrowing may occur as a result. Other than as described in the ODOT July 2020 Forecast, the impact of the COVID-19 pandemic on the revenues and operations of the Department cannot be predicted at this time due to the dynamic nature of the outbreak, including uncertainties relating to its duration and severity, as well as what actions may be taken by the State and federal governments. The continued spread of COVID-19 and containment and mitigation efforts could have a material adverse effect on the revenues and operations of the State and, in turn, the Department and on the national and global economies.

For a discussion of other investment considerations, see APPENDIX A—"INFORMATION RELATING TO THE DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—OREGON DEPARTMENT OF TRANSPORTATION—Investment Considerations."

SECURITY AND SOURCES OF PAYMENT

Special Revenue Obligations

Under the Act and the Declaration, the State is obligated to assess, levy, collect and deposit into the State Highway Fund Pledged Revenues and that are sufficient to pay, when due, annual debt service on Highway User Tax Revenue Bonds, which includes the Senior Lien Bonds, the Subordinate Lien Obligations and any Second Subordinate Lien Obligations.

The 2020 Bonds are special revenue obligations of the State and do not constitute a debt or general obligation of the State or any political subdivision of the State. Oregon law and the Declaration require the State to provide for the continued assessment, levy, collection and deposit into the State Highway Fund of amounts that constitute Pledged Revenues and that are sufficient to pay, when due, annual debt service on the 2020 Bonds. Owners of the 2020 Bonds do not have the right to compel the exercise of the taxing power of the State (except to the extent provided by ORS 367.615 or Section 12 of the Master Declaration) or any political subdivision of the State to pay debt service on the 2020 Bonds. The full faith and credit of the State or any political subdivision thereof is not pledged to the payment of the 2020 Bonds.

The Outstanding Senior Lien Bonds, the 2020B Senior Lien Bonds and any Additional Senior Lien Bonds that may be issued pursuant to the Master Declaration and any Supplemental Declaration in the future are secured with a parity lien on, and are payable solely from, the Trust Estate. The Trust Estate consists primarily of Pledged Revenues, as described below.

The Outstanding Subordinate Lien Obligations, the 2020A Subordinate Lien Bonds and any Additional Subordinate Lien Obligations that may be issued pursuant to the Master Declaration and any Supplemental Declaration in the future are secured by the Subordinate Security and payable from Pledged Revenues on a subordinate, junior and inferior basis to the pledge and lien of security for the Senior Lien Bonds. The Subordinate Security consists primarily of Pledged Revenues that are pledged on a subordinate, junior and inferior basis to the security for the Senior Lien Bonds.

State Highway Fund

The State Highway Fund is established under ORS 366.505 as a trust fund, separate and distinct from the State's General Fund. The State Highway Fund may be used only for the purposes authorized by law and is continually appropriated for such purposes. Funds deposited to the State Highway Fund include moneys and revenues derived from: (a) the sale of bonds with proceeds dedicated to highway purposes; (b) the licensing of motor vehicles, operators and chauffeurs; (c) any tax levied upon gasoline, distillate, liberty fuel or other volatile and inflammable liquid fuels, except moneys derived from taxes collected on fuels for non-highway use; (d) moneys and revenues derived from or made available by the federal government for road construction, maintenance or betterment purposes; and (e) all other sources which by law are allocated or dedicated for highway purposes. All interest earnings on moneys in the State Highway Fund are credited to the State Highway Fund.

Pursuant to ORS 367.605, certain moneys deposited to the State Highway Fund are pledged to the payment of Highway User Tax Revenue Bonds. Pledged Revenues, as described below, are held in the State Highway Fund, but not all moneys and revenues held in the State Highway Fund constitute Pledged Revenues.

See APPENDIX A—"INFORMATION RELATING TO THE DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—PLEDGED REVENUES" and APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION."

Pledged Revenues

Pledged Revenues consist of the sources of revenue set out under Oregon law, which are the following sources of revenue; (1) a portion of the weight-mile taxes and road use assessment fees (collectively, "Motor Carrier Revenues"), (2) a portion of the motor vehicle fuel taxes and use fuel taxes (collectively, the "Fuel Tax Revenues"), (3) a portion of the vehicle titling fees and vehicle registration fees, as well as a portion of registration plate fees, licensing fees and trip permit fees (collectively, the "DMV Revenues") and (4) a portion of the use taxes imposed on the storage, use or consumption in the State of taxable motor vehicles (collectively, the "Use Tax Revenues").

Additionally, the Department has pledged Subsidy Payments, which are defined in the Master Declaration to mean any payments received by or on behalf of the State or the Department in connection with a debt service obligation of the State or the Department related to Senior Lien Bonds or Subordinate Lien Obligations issued pursuant to the Declaration, including but not limited to subsidy payments by the federal government on account of the issuance of Build America Bonds pursuant to the federal American Recovery and Reinvestment Act of 2009 or any successor legislation, to the payment of the Bonds. See APPENDIX A—"INFORMATION RELATING TO THE DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—OREGON DEPARTMENT OF TRANSPORTATION—Federal Highway Funding—*Sequestration of Build America Bonds Subsidy Payments*" and APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION."

As shown in the Pledged Revenues Flow Chart (the "Flow Chart") and as presented in Table 2 below, Motor Carrier Revenues, Fuel Tax Revenues and DMV Revenues, less Statutory Reductions and Program Set Asides (each as defined below) are deposited to the State Highway Fund. These deposits are referred to collectively in this Official Statement as "Net Revenues." As described below, the amount of Pledged Revenues available is reduced by a combination of Statutory Reductions and certain revenue sharing requirements imposed by the Legislative Assembly, which are briefly summarized under the heading "—Revenue Sharing Transfers and Program Set Asides."

As described above, Keep Oregon Moving increased a variety of fees, including certain Motor Carrier Revenues, Fuel Tax Revenues and DMV Revenues that are pledged to pay the payment of Highway User Tax Revenue Bonds under the Declaration.

As summarized above, Keep Oregon Moving authorized a series of increases in Motor Carrier Revenues and DMV Revenues with statutory effective dates of January 1, 2018, 2020, 2022 and 2024. Tables 2 and 4 herein include all of the authorized increases relating to Motor Carrier Revenues and DMV Revenues in the projected/forecast numbers presented in Tables 2 and 4 herein. See "KEEP OREGON MOVING—Increases to Pledged Revenues," and APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—PLEDGED REVENUES—Revenue Categories."

As summarized above, the Fuels Tax is authorized to increase in four phases in 2018, 2020, 2022 and 2024, with each increase being contingent up on the satisfaction of conditions specified under Keep Oregon Moving and action by the Oregon Transportation Commission, which are described herein. The first and second phases (2018 and 2020) of increases to the Fuels Tax are in effect and are included in the Tables 2 and 4 herein. The conditional increases in Fuel Tax Revenues in 2022 and 2024 are not reflected in the projected/forecast numbers presented in Tables 2 and 4. See "KEEP OREGON MOVING—Increases to Pledged Revenues," and APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—PLEDGED REVENUES—Revenue Categories."

Legally Available Moneys

The Department is authorized under ORS 367.605 to pledge legally available moneys to the payment of Highway User Tax Revenue Bonds. As discussed herein, the Department has affirmatively pledged the New KOM Revenues to the payment of Highway User Tax Revenue Bonds. As described in the Summary of Keep Oregon Moving Highway Funding Increases above, the effective date of each of the New KOM Revenues, together with scheduled increases through January 1, 2024, is established under Keep Oregon Moving. See "KEEP OREGON MOVING—Increases to Pledged Revenues." Tables 2 and 4 herein include all of the authorized New KOM Revenues in the projected/forecast numbers presented in Tables 2 and 4 herein. See "KEEP OREGON MOVING—Increases to Pledged Revenues," and APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—PLEDGED REVENUES—Revenue Categories."

Statutory Reductions

As shown in the Flow Chart and as presented in Table 2 below, "Statutory Reductions" include Administrative Expenses and Operating Transfers, and are briefly summarized below. Statutory Reductions are deducted before the Program Revenue Sharing Transfers and Program Set Asides (each as defined below) are made. For a more detailed discussion of Statutory Reductions, see APPENDIX A—"INFORMATION RELATING TO THE DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—PLEDGED REVENUES—Statutory Reductions."

Administrative Expenses. Under the Declaration and consistent with Oregon law and the Department's accounting and budgetary practices, the Department may deduct various administrative expenses and costs of collection (hereinafter the "Administrative Expenses") from highway user tax revenues, which are collectively referred to herein as Administrative Expenses. Administrative Expenses include all costs related to the administration and collection of the revenues categories (Motor Carrier Revenues, the Fuel Tax Revenues and the DMV Revenues) that comprise Pledged Revenues including allocable payroll and other personal services expenses such as salaries and contributions to the Public Employees' Retirement System and benefits paid through the Public Employees' Benefits Board. Such amounts are subject to expenditure limitations established in the Department's budget approved by the Legislative Assembly. Administrative Expenses also include certain payments related to certificates of participation, bonds or other obligations issued by the State to finance certain projects of the Department that constitute Administrative Expenses. See "—Other Debt Obligations" below for a discussion of outstanding debt obligations of the Department. For a more detailed discussion of Administrative Expenses, see APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—PLEDGED REVENUES—Statutory Reductions—*Administrative Expenses*."

Administrative Expenses do not include all of the Department's operating costs or expenditures such as capital outlays and special payments. For a discussion of the Department's finances generally, see APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—OREGON DEPARTMENT OF TRANSPORTATION—Divisions of the Department" and "—DEPARTMENT FINANCES."

Operating Transfers. The Department collects certain taxes and fees for purposes and activities not related to the State Highway Fund and transfers such revenues (referred to hereinafter as "Operating Transfers") to other State agencies and governmental entities. Any applicable Administrative Expenses are deducted before Operating Transfers are made. Operating Transfers include, but are not limited to, certain fuel taxes for equipment not generally operated on State highways such as snowmobiles, marine vehicles and aircraft, and vehicle registration fees for manufactured structures and campers. For a more detailed discussion of Operating Transfers, see APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—PLEDGED REVENUES—Statutory Reductions—*Operating Transfers.*"

Revenue Sharing Transfers and Program Set Asides

Oregon law specifies that certain revenues collected by the Department, after Statutory Reductions are made, be shared with counties and cities. Motor Carrier Revenues, Fuel Tax Revenues and DMV Revenues, less Statutory Reductions, are allocated to counties and cities and the Department in accordance with certain formulas established under Oregon law, including the general allocation established under ORS 366.739, referred to as the "General Allocation" in the Flow Chart. The General Allocation is subject to future increases under the terms of Keep Oregon Moving.

In addition to the General Allocation, Oregon law provides for certain fixed amount transfers to counties, cities, and other agencies, referred to as the "Fixed Allocation" in the Flow Chart. Pledged Revenues are reduced by amounts transferred pursuant to the General Allocation and Fixed Allocation, which are shown in the Flow Chart and Table 2 as "Less: Revenue Sharing Transfers."

Additionally, the Legislative Assembly has designated that certain tax and fee increases in connection with specific transportation program initiatives be directed to certain transportation projects or otherwise shared by the Department with counties and cities and has excluded those increased amounts from the General Allocation. Collectively, amounts excluded from the General Allocation are shown as "Program Set Asides" in the Flow Chart and in "Less: Statutory Reductions and Program Set Asides" in Table 2. The Program Set Asides are transferred to counties and cities or otherwise dedicated to specified transportation project funds (the "Program Revenue Sharing Transfers") and those revenues are not included in Pledged Revenues. Keep Oregon Moving dedicates certain revenues to be used for specific projects, such as the Safe Routes to Schools project and the future Interstate 5 Rose Quarter project (the "Rose Quarter Project"). The portion of the Program Set Asides that is included in Pledged Revenues is shown in the Flow Chart and in Table 2 as "Plus: ODOT Portion of Program Set Asides."

For a detailed summary of the requirements under Oregon law related to Program Revenue Sharing Transfers and Program Set Asides, which reduce the amount of Pledged Revenues, see APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—PLEDGED REVENUES—Revenue Sharing Transfers and Program Set Asides."

Future Actions of the Oregon Legislative Assembly

The Legislative Assembly has in the past, and may in the future, change or rescind the method of assessing or imposing any or all of the Pledged Revenues (Fuel Tax Revenues, Motor Carrier Revenues and DMV Revenues) or the apportionment of State Highway Fund revenues among counties, cities and the Department. The authority of the Legislative Assembly to make such changes is subject to the existing requirements of the Oregon Constitution that revenues received from taxes and fees levied on the ownership, operation or use of motor vehicles, including commercial vehicles, and taxes levied on fuels must be used exclusively for public highways, roads, streets and roadside rest areas in the State, including the retirement of bonds issued for such purposes.

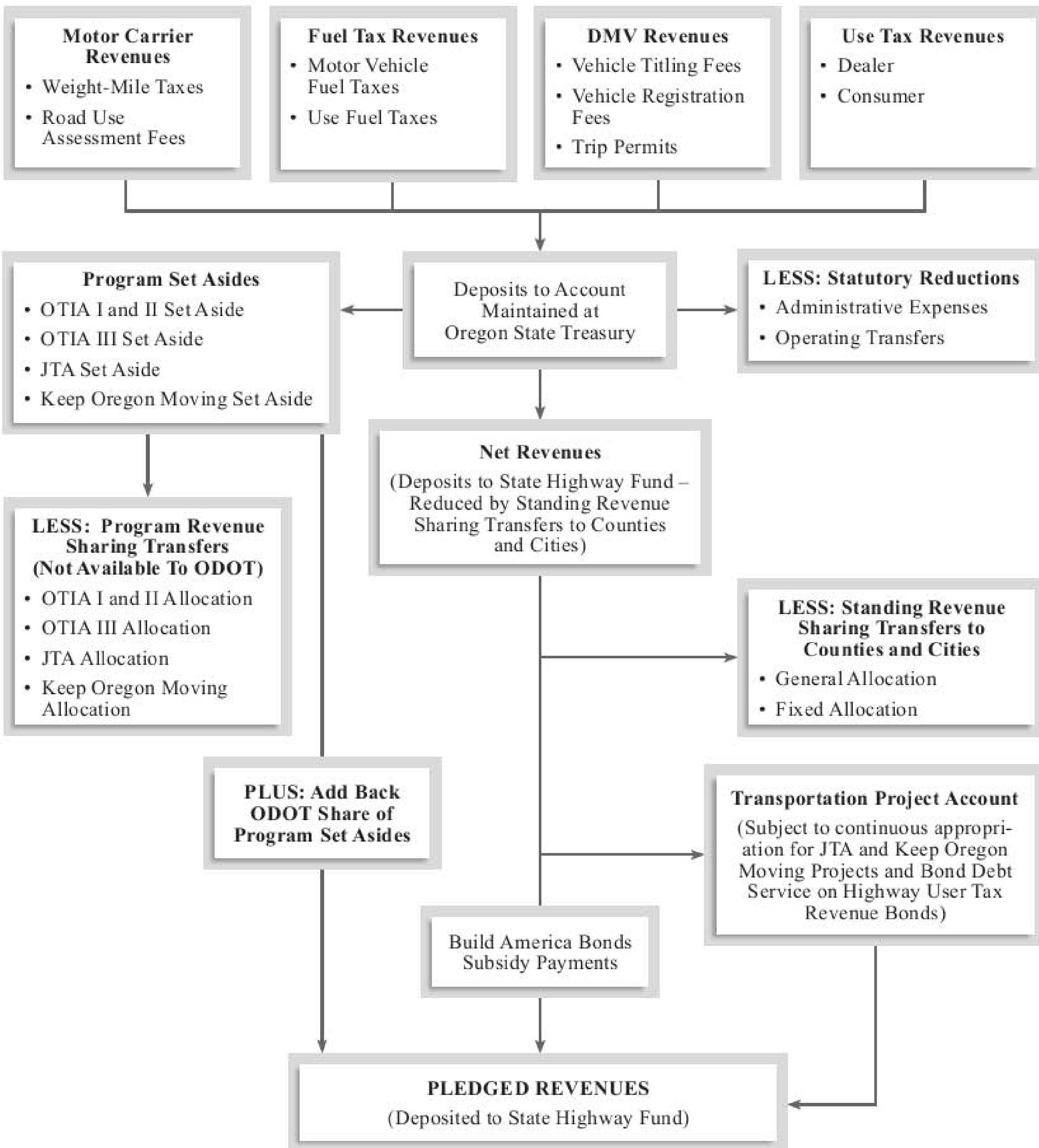
The Legislative Assembly may also, through its budgetary approval process for the Department, change the amount of revenues that become Pledged Revenues by changing the amount of revenues that are deposited in the State Highway Fund and by changing what may be deducted from revenues before they become Pledged Revenues under the Declaration. The Master Declaration provides that the Pledged Revenues consist of the sources of revenue that the laws as in effect from time to time permit to be used to pay and secure the Senior Lien Bonds, Subordinate Lien Obligations or any Second Subordinate Lien Obligations.

Pledged Revenues Flow Chart

The Flow Chart on the following page illustrates generally the deposits, transfers, allocations and disbursements within the State Highway Fund. The Flow Chart represents only those taxes and fees, reductions, set asides and transfers within the State Highway Fund that are relevant to Pledged Revenues and does not include all revenues that are deposited to the State Highway Fund or general Department expenditures such as payroll expenses, capital outlays and special payments. A broader summary of the State Highway Fund and other funds managed by the Department is provided in APPENDIX A—

"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—DEPARTMENT FINANCES."

OREGON DEPARTMENT OF TRANSPORTATION
HIGHWAY USER TAX REVENUE BONDS
PLEDGED REVENUES FLOW CHART



Historic and Estimated Pledged Revenues

The revenue estimates presented in this Official Statement with respect to each of revenue categories that make up the Pledged Revenues (Motor Carrier Revenues, Fuel Tax Revenues, DMV Revenues and legally available moneys) and shown in Tables 2 and 4, are based upon collections, costs, transfers and set asides in the ODOT July 2020 Forecast, which is included as Appendix C. The ODOT July 2020 Forecast is an update to the Department's semiannual April 2020 Revenue Forecast, and was prepared to assess and update the impact of the COVID-19 pandemic on the Department's operations given the rapidly evolving nature of the COVID-19 pandemic on the State and national economy. See "EFFECTS OF THE COVID-19 PANDEMIC," APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—DEPARTMENT FINANCES—ODOT Revenue Forecast" and APPENDIX C—"OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST."

Because the ODOT July 2020 Forecast includes certain revenues that are not part of Pledged Revenues and includes costs associated with such revenues, amounts shown in the ODOT July 2020 Forecast have been adjusted to include only Pledged Revenues for presentation in Table 2 and Table 4. The presentation and categorization of actual and forecast revenues and costs in the ODOT July 2020 Forecast and in Tables 2 and 4 differ from the historical financial information presented in the Department's Annual Financial Report (Unaudited) for Fiscal Year Ended June 30, 2019, which is included as Appendix B.

In Table 2, actual Pledged Revenues for the Fiscal Years ended June 30, 2018 and June 30, 2019 and the preliminary Pledged Revenues for the Fiscal Year ended June 30, 2020 are derived from the historical information presented in the ODOT July 2020 Forecast.

The historical financial information and operating data set forth in Table 2 and the ODOT July 2020 Forecast for the dates as of and for the periods that occurred before the COVID-19 pandemic and the measures instituted to control such pandemic may not be indicative of future results or performance due to these and other factors. For a description of the Department's ongoing response to COVID-19 and related financial and operating effects on the Department, see "EFFECTS OF THE COVID-19 PANDEMIC" and APPENDIX C—"OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST."

In Table 2, the estimated Pledged Revenues for the Fiscal Years ending June 30, 2021 through June 30, 2025 are based upon collections, costs, transfers and set asides forecast by the Department in the ODOT July 2020 Forecast. As described in the ODOT July 2020 Forecast, gross revenue growth is forecast to be approximately 3.2 percent annually for Fiscal Years ending June 30, 2021 through June 30, 2025. This growth is reflective of the economy recovering from the 2020 recession and certain increased taxes and fees in 2022 and 2024 resulting from the Keep Oregon Moving Act. Specifically, the authorized increases relating to Motor Carrier Revenues and DMV Revenues under the Keep Oregon Moving Act are reflected in the projected/forecast numbers presented in Table 2; however, the conditional increases relating to Fuel Tax Revenues under the Keep Oregon Moving Act are not reflected in the projected/forecast numbers presented in Table 2.

The projections set forth in Table 2 and the ODOT July 2020 Forecast represent the Department's forecast of future results as of the date of preparation based on information then available to the Department as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the Department. No assurance can be given that the

future results discussed therein will be achieved, and actual results may differ materially from the forecasts described therein. In this respect, the words "estimate," "project," "forecast," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. The prospective financial information contained in Table 2 and the ODOT July 2020 Forecast was not prepared with a view toward compliance with published guidelines of the United States Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. See APPENDIX C—"OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST."

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TABLE 2
OREGON DEPARTMENT OF TRANSPORTATION
HIGHWAY USER TAX REVENUE BONDS
HISTORICAL PLEDGED REVENUES FOR FISCAL YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2020 AND ESTIMATED PLEDGED REVENUES FOR FISCAL YEARS ENDING JUNE 30, 2021 THROUGH JUNE 30, 2025

	Actual (1) 6/30/18	Actual (1) 6/30/19	Preliminary (1) 6/30/20	Estimated (1) 6/30/21	Estimated (1) 6/30/22	Estimated (1) 6/30/23	Estimated (1) 6/30/24	Estimated (1) 6/30/25
Revenue Categories								
Motor Carrier Revenues (2)	$381,664,000	$431,338,000	$441,971,000	$432,218,000	$460,750,000	$488,025,000	$503,515,000	$522,459,000
Fuel Tax Revenues (2)	580,729,000	625,212,000	592,329,000	646,573,000	662,039,000	663,548,000	662,053,000	661,363,000
DMV Revenues (2)	371,434,000	407,801,000	385,640,000	471,181,000	458,603,000	467,920,000	475,719,000	479,998,000
Use Tax Revenues (2)	3,270,000	8,681,000	5,777,000	6,218,000	6,890,000	7,585,000	8,082,000	8,366,000
Total Deposits to Suspense Account	1,337,097,000	1,473,032,000	1,425,717,000	1,556,190,000	1,588,282,000	1,627,078,000	1,649,369,000	1,672,186,000
Less: Statutory Reductions and Program Set Asides (3)	(379,592,000)	(389,501,000)	(394,742,000)	(405,366,000)	(416,161,000)	(439,257,000)	(449,543,000)	(454,847,000)
Net Revenues: Deposits to State Highway Fund	**$957,504,000**	**$1,083,531,000**	**$1,030,975,000**	**$1,150,825,000**	**$1,172,120,000**	**$1,187,820,000**	**$1,199,826,000**	**$1,217,340,000**
Less: Revenue Sharing Transfers (4)(5)	(416,833,000)	(477,505,000)	(459,211,000)	(515,848,000)	(525,126,000)	(532,920,000)	(539,063,000)	(547,899,000)
Plus: ODOT Portion of Program Set Asides (6)	113,870,000	114,211,000	127,865,000	129,070,000	143,906,000	164,098,000	164,455,000	164,985,000
Plus Revenue Category: BABs Subsidy Payments (7)	10,081,000	10,076,000	10,025,000	10,573,000	10,433,000	10,247,000	10,053,000	9,846,000
TOTAL PLEDGED REVENUES (5)	**$664,622,000**	**$730,313,000**	**$709,654,000**	**$774,620,000**	**$801,333,000**	**$829,245,000**	**$835,271,000**	**$844,272,000**

(1) Rounded to nearest thousand; totals may not add due to rounding.

(2) For estimated years, Motor Carrier Revenues, Fuel Tax Revenues, DMV Revenues and Use Tax Revenues are based on ODOT July 2020 Forecast; Motor Carrier Revenues and DMV Revenues have been adjusted to exclude certain revenue increases that the Legislative Assembly allocated only to counties and cities.

(3) Includes Administrative Expenses, Operating Transfers and Set Asides provided for in the Transportation Finance Acts. Administrative Expenses as shown in the ODOT July 2020 Forecast have been adjusted to exclude costs associated with certain excluded revenues. As shown on the Pledged Revenues Flow Chart and further described herein, the Standing Revenue Sharing Transfers to Counties and Cities and certain Program Set Asides are required under the Transportation Finance Acts before Net Revenues are deposited to the State Highway Fund.

(4) Keep Oregon Moving revenues, net of the set asides for Safe Routes to School and Rose Quarter, are apportioned to the Department, counties, and cities at a rate of 50%/30%/20%, respectively. In the Department's Official Statement for the Series 2019 Refunding Bonds, the aggregate 50% apportioned to counties and cities was erroneously included in Pledged Revenues of the Department, resulting in an overstatement of Pledged Revenues of approximately 17% to 21%. Table 2 in this Official Statement reflects the corrected amount of Pledged Revenue of the Department.

(5) Oregon law establishes transfers of Net Revenues from ODOT to counties and cities (ORS 366.739, 366.742, 366.772 and 366.805). As shown on the Pledged Revenue Flow Chart and further described herein, Program Revenue Sharing Transfers are not included in Pledged Revenues.

(6) As shown on the Pledged Revenues Flow Chart and further described herein, certain portions of the Program Set Asides required under the Transportation Finance Acts, including the Transportation Project Account, are directed to ODOT for purposes of paying debt service on Highway User Tax Revenue Bonds. This includes funds set aside in JTA for long-range planning and Travel Information Council because these funds are legally available and were pledged to the payment of Highway User Tax Revenue Bonds by the Sixteenth Supplemental Declaration.

(7) Build America Bonds Subsidy Payments received by the Department are included as Pledged Revenues. Beginning on March 1, 2013, federal spending cuts resulting from budget sequestration reduced the payment of Build America Bonds Subsidy Payments due to the Department for subsequent federal fiscal years. The sequestration rate for federal fiscal year 2020 is 5.9%, which reduces the subsidy payment by $557,011. Build America Bonds Subsidy Payments are subject to sequestration through federal fiscal year 2024 unless Congress takes action to modify or eliminate the sequester. For budgetary purposes, the Department assumes the payment of Build America Bonds Subsidy Payments without deduction of the federal interest subsidy.

Source: Oregon Department of Transportation

Highway User Tax Revenue Bonds

Table 3 below identifies the Senior Lien Bonds and Subordinate Lien Obligations issued and outstanding pursuant to the Act and the Declaration for various purposes, as of September __, 2020, the expected date of delivery of the 2020 Bonds.

TABLE 3*
OREGON DEPARTMENT OF TRANSPORTATION
OUTSTANDING HIGHWAY USER TAX REVENUE BONDS — AS OF SEPTEMBER __, 2020

	Dated Date	Final Maturity Outstanding	Principal Amount Outstanding
Senior Lien Bonds:			
Series 2012A (Refunding)	06/26/2012	11/15/2022	$ 21,165,000
Series 2012B (Refunding)	06/26/2012	11/15/2020	12,980,000
Series 2013A[1]	10/16/2013	11/15/2034	99,175,000
Series 2014A (Refunding)[1]	07/09/2014	11/15/2031	193,755,000
Series 2015A (Refunding)[1]	01/27/2015	11/15/2033	379,425,000
Series 2017A	06/08/2017	11/15/2027	217,435,000
Series 2017B (Refunding)	06/08/2017	11/15/2029	80,610,000
Series 2017C (Refunding)	09/06/2017	11/15/2026	88,450,000
Series 2019B (Refunding)	11/20/2019	11/15/2038	323,050,000
Series 2020B (Refunding)	09/__/2020	11/15/20__	
		Total Senior Lien Bonds:	
Subordinate Lien Obligations:			
Series 2010A	04/08/2010	11/15/2034	$532,585,000
Series 2019A (Refunding)	11/20/2019	11/15/2042	297,840,000
Series 2020A	09/__/2020	11/15/20__	
		Total Subordinate Lien Obligations:	
		Total Senior Lien Bonds and Subordinate Lien Obligations:	

* *Preliminary; subject to change.*

(1) Subject to market conditions, a portion of the Series 2013A, Series 2014A and Series 2015A bonds will be refunded by a portion of the proceeds of the 2020B Senior Lien Bonds.

Source: Oregon Department of Transportation

Recent and Projected Debt Service Coverage*

Table 4 presents a summary of actual Pledged Revenues and actual debt service coverage for the Fiscal Years ended January 30, 2018 and January 30, 2019 and preliminary debt service coverage for the Fiscal Year ended January 30, 2020. The issuance of the 2020A Subordinate Lien Bonds is included in Table 4, as well as the projected issuance of additional Highway User Tax Revenue Bonds authorized under Keep Oregon Moving; the table excludes the impact of the expected refunding of the Refunded Bonds on debt service.

Table 4 also presents a summary of estimated Pledged Revenues and estimated debt service coverage for the Fiscal Years ending June 30, 2021 through June 30, 2025. The actual, preliminary and estimated Pledged Revenues are based upon the ODOT July 2020 Forecast. Table 4 assumes the implementation of all authorized, non-contingent increases in taxes, and increases or set asides under Keep Oregon Moving as reflected in the ODOT July 2020 Forecast. Specifically, the authorized increases relating to Motor Carrier Revenues and DMV Revenues under the Keep Oregon Moving Act are reflected in the projected/forecast numbers presented in Table 4; however, the conditional increases relating to Fuel Tax Revenues under the Keep Oregon Moving Act are not reflected in the projected/forecast numbers presented in Table 4. See "—Historic and Estimated Pledged Revenues."

The historical financial information and operating data set forth in Table 4 and the ODOT July 2020 Forecast for the dates as of and for the periods that occurred before the COVID-19 pandemic and the measures instituted to control such pandemic may not be indicative of future results or performance due to these and other factors. For a description of the Department's ongoing response to COVID-19 and related financial and operating effects on the Department, see "EFFECTS OF THE COVID-19 PANDEMIC" and APPENDIX C—"OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST."

The projections set forth in Table 4 and the ODOT July 2020 Forecast represent the Department's forecast of future results as of the date of preparation based on information then available to the Department as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the Department. No assurance can be given that the future results discussed therein will be achieved, and actual results may differ materially from the forecasts described therein. In this respect, the words "estimate," "project," "forecast," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. The prospective financial information contained in Table 4 and the ODOT July 2020 Forecast was not prepared with a view toward compliance with published guidelines of the United States Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

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* *Preliminary; subject to change.*

TABLE 4*
OREGON DEPARTMENT OF TRANSPORTATION
HIGHWAY USER TAX REVENUE BONDS
DEBT SERVICE COVERAGE
FOR FISCAL YEARS ENDING JUNE 30, 2018 THROUGH JUNE 30, 2025

	Actual [(1)] **6/30/18**	**Actual** [(1)] **6/30/19**	**Preliminary** [(1)] **6/30/20**	**Estimated** [(1)] **6/30/21**	**Estimated** [(1)] **6/30/22**	**Estimated** [(1)] **6/30/23**	**Estimated** [(1)] **6/30/24**	**Estimated** [(1)] **6/30/25**
Total Pledged Revenues	664,622,000	730,313,000	709,654,000	774,620,000	801,333,000	829,245,000	835,271,000	844,272,000
Outstanding Senior Lien Debt Service[(2)]	132,123,000	143,577,000	139,765,000	140,975,000	136,884,000	137,199,000	137,404,000	137,379,000
Estimated 2020B Senior Lien Bonds Debt Service[(3)]	-	-	-	-	-	-	-	-
Total Outstanding and Estimated Senior Lien Debt Service[(3)]	132,123,000	143,577,000	139,765,000	140,975,000	136,884,000	137,199,000	137,404,000	137,379,000
Actual and Estimated Senior Lien Coverage	**5.0**	**5.1**	**5.1**	**5.5**	**5.9**	**6.0**	**6.1**	**6.1**
Outstanding Subordinate Lien Debt Service	42,040,000	44,747,000	47,182,000	50,660,000	55,219,000	54,719,000	54,559,000	54,384,000
Estimated 2020A Subordinate Lien Debt Service[(3)]	-	-	-	5,625,659	8,509,400	8,509,400	8,509,400	8,509,400
Estimated 2023A Subordinate Lien Debt Service[(4)]	-	-	-	-	-	-	9,216,333	9,645,000
(Less Subordinate Lien BABs Subsidy Payments[(4)]	(10,081,000)	(10,076,000)	(10,025,000)	(10,573,000)	(10,433,000)	(10,247,000)	(10,053,000)	(9,846,000)
Total Outstanding Subordinate Lien Debt Service	**31,959,000**	**34,671,000**	**37,157,000**	**45,712,659**	**53,295,400**	**52,981,400**	**62,231,733**	**62,692,400**
Total Outstanding and Estimated Aggregate Debt Service[(3)]	164,082,000	178,248,000	176,922,000	186,687,659	190,179,400	190,180,400	199,635,733	200,071,400
Total Pledged Revenues[(5)]	664,622,000	730,313,000	709,654,000	774,620,000	801,333,000	829,245,000	835,271,000	844,272,000
Less Subordinate Lien BABs Subsidy Payments[(4)]	(10,081,000)	(10,076,000)	(10,025,000)	(10,573,000)	(10,433,000)	(10,247,000)	(10,053,000)	(9,846,000)
Net Pledged Revenue	654,541,000	720,237,000	699,629,000	764,047,000	790,900,000	818,998,000	825,218,000	834,426,000
Actual and Estimated Aggregate Coverage	**4.0**	**4.0**	**4.0**	**4.1**	**4.2**	**4.3**	**4.1**	**4.2**

* *Preliminary; subject to change.*

(1) Rounded to nearest thousand; totals may not add due to rounding.

(2) Outstanding Senior Lien Debt Service, includes debt service on the Refunded Bonds.

(3) Reflects the Department's anticipated issuance schedule; does not include I-5 Rose Quarter debt service authorized by Keep Oregon Moving. See APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—PLEDGED REVENUES—Revenue Sharing Transfers and Program Set Asides—*Keep Oregon Moving Allocation*." for further discussion.

(4) Reflects Build America Bonds Subsidy Payments received by the Department that are included as Pledged Revenues. Beginning on March 1, 2013, federal spending cuts resulting from budget sequestration reduced the payment of Build America Bonds Subsidy Payments due to the Department for subsequent federal fiscal years. The sequestration rate for federal fiscal year 2020 is 5.9%, which reduces the subsidy payment by $557,011. Build America Bonds Subsidy Payments are subject to sequestration through federal fiscal year 2024 unless Congress takes action to modify or eliminate the sequester. For FFY 2021-2025 the Build America Bonds Subsidy Payments do not reflect reduction in Subsidy Payments resulting from the Congressional budget sequestration.

(5) Keep Oregon Moving revenues, net of the set asides for Safe Routes to School and Rose Quarter, are apportioned to the Department, counties, and cities at a rate of 50%/30%/20%, respectively. In the Department's Official Statement for the Series 2019 Refunding Bonds, the aggregate 50% apportioned to counties and cities was erroneously included in Pledged Revenues of the Department, resulting in an overstatement of Pledged Revenues of approximately 17% to 21%. Table 2 in this Official Statement reflects the corrected amount of Pledged Revenue of the Department.

Source: Oregon Department of Transportation

Debt Service Requirements on Highway User Tax Revenue Bonds*

Table 5 presents the debt service requirements for all Outstanding Highway User Tax Revenue Bonds, including the Outstanding Senior Lien Bonds, the Outstanding Subordinate Lien Obligations, the Refunded Bonds, and the estimated debt service on the 2020A Subordinate Lien Bonds. Table 5 does not reflect the refunding of the Refunded Bonds with proceeds of the 2020B Senior Lien Bonds.

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* *Preliminary; subject to change.*

TABLE 5*
STATE OF OREGON
DEPARTMENT OF TRANSPORTATION
HIGHWAY USER TAX REVENUE BONDS
DEBT SERVICE REQUIREMENTS (1)

	Outstanding Debt Service		2020A Subordinate Lien Bonds		2020B Senior Lien Bonds		2020 Bonds	Total Outstanding Annual Aggregate Debt Service		
Year Ended June 30	Senior Lien Bonds(2)	Subordinate Lien Bonds	Principal	Interest	Principal	Interest	Aggregate Debt Service	Senior Lien Bonds	Subordinate Lien Bonds	Aggregate Debt Service
2021	$140,974,690	$50,660,426								
2022	136,883,610	55,219,258								
2023	137,199,331	54,718,684								
2024	137,403,681	54,558,746								
2025	137,379,261	54,384,207								
2026	136,872,457	54,199,783								
2027	136,802,958	54,034,965								
2028	139,069,148	53,781,524								
2029	136,549,615	53,523,893								
2030	116,307,898	73,508,674								
2031	118,869,689	72,782,279								
2032	118,831,351	72,022,027								
2033	100,567,061	90,500,204								
2034	47,301,678	141,932,641								
2035	26,978,989	163,189,399								
2036	27,189,447	44,851,000								
2037	27,210,763	44,814,875								
2038	27,231,181	44,773,625								
2039	27,249,908	44,728,375								
2040	-	44,684,875								
2041	-	44,717,925								
2042	-	44,675,875								
2043	-	44,628,200								
Totals	$1,876,872,716	$1,456,891,460								

* *Preliminary; subject to change.*
(1) Totals may not agree with sum of components due to rounding.
(2) Outstanding Senior Lien Bond debt service includes the debt service on the Refunded Bonds to be refunded with the proceeds of the 2020B Senior Lien Bonds.
(3) Debt service is net of 35 percent Federal Subsidy for the Series 2010A Subordinate Lien Bonds (Federally Taxable Build America Bonds. Beginning on March 1, 2013, federal spending cuts resulting from budget sequestration reduced the payment of Build America Bonds Subsidy Payments due to the Department for subsequent federal fiscal years. The sequestration rate for federal fiscal year 2020 is 5.9%, which reduces the subsidy payment by $557,011. Build America Bonds Subsidy Payments are subject to sequestration through federal fiscal year 2024 unless Congress takes action to modify or eliminate the sequester. For FFY 2021-2025 the Build America Bonds Subsidy Payments do not reflect reduction in Subsidy Payments resulting from the Congressional budget sequestration. See APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—OREGON DEPARTMENT OF TRANSPORTATION—Federal Highway Funding—*Sequestration of Build America Bonds Subsidy Payments*."

Source: Oregon Department of Transportation

Additional Debt

Additional Senior Lien Bonds. Under the Declaration, the State may issue additional Highway User Tax Revenue Bonds that are secured by a claim on the Trust Estate on an equal and ratable basis with the Outstanding Senior Lien Bonds ("Additional Senior Lien Bonds"), subject to satisfying certain conditions prior to the issuance of such Additional Senior Lien Bonds, as described in the Declaration (the "Senior Lien Additional Bonds Test"). In connection with the issuance of Additional Senior Lien Bonds, the Department is required to provide a certification, pursuant to the requirements of the Declaration, to the effect that Pledged Revenues for any 12 consecutive months of the preceding 18-month period equal at least three times Maximum Annual Debt Service on all Outstanding Senior Lien Bonds and on the Additional Senior Lien Bonds to be issued with the Additional Senior Lien Bonds to be treated as Outstanding.

The Declaration also provides that the State may issue Additional Senior Lien Bonds for refunding purposes without providing such certification if the refunded Senior Lien Bonds are paid or defeased on the date of delivery of the refunding Additional Senior Lien Bonds and if the Annual Debt Service on the refunding Additional Senior Lien Bonds does not exceed the Annual Debt Service on the refunded Senior Lien Bonds in any Fiscal Year by more than $5,000 (the "Senior Lien Refunding Test"). The 2020B Senior Lien Bonds are being issued in compliance with the Senior Lien Refunding Test. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION—MASTER DECLARATION—Issuance of Additional Senior Lien Bonds" and "—Refunding Obligations."

Additional Subordinate Lien Obligations. Under the Declaration, the State may issue additional Highway User Tax Revenue Bonds as Subordinate Lien Obligations that are secured by a claim on the Subordinate Security on an equal and ratable basis with the Outstanding Subordinate Lien Obligations (the "Additional Subordinate Lien Obligations"), subject to satisfying certain conditions prior to the issuance of such Additional Subordinate Lien Obligations, as described in the Master Declaration (the "Subordinate Lien Additional Obligations Test"). In connection with the issuance of Additional Subordinate Lien Obligations, the Department provides a certification, pursuant to the requirements of the Declaration, that Pledged Revenues equal at least two times the Maximum Annual Aggregate Debt Service, which shall include without limitation debt service on all Outstanding Senior Lien Bonds, the Additional Senior Lien Bonds, if any, to be issued simultaneously with the Additional Subordinate Lien Obligations, with such Additional Senior Lien Bonds to be treated as Outstanding, all Outstanding Subordinate Lien Obligations and the Additional Subordinate Lien Obligations to be issued with such Additional Subordinate Lien Obligations to be treated as Outstanding. The 2020A Subordinate Lien Bonds are being issued in compliance with the Subordinate Lien Additional Obligations Test.

The Department is also permitted under the Declaration to issue Additional Subordinate Lien Obligations for refunding purposes subject to certain other conditions. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION—MASTER DECLARATION—Issuance of Additional Subordinate Lien Obligations" and "—Refunding Obligations."

Other Obligations Under Bond Declaration. As described above under "AUTHORITY FOR ISSUANCE—Declaration," the Department is authorized pursuant to the Act and under the Master Declaration to issue Second Subordinate Lien Obligations, but to date has not issued any such obligations. The Department is also authorized pursuant to the Act and under the Master Declaration to issue other bonds, notes, certificates, warrants or other evidences of indebtedness for any lawful purpose relating to the Department, and to provide for the payment of such other bonds, notes, certificates, warrants or other evidences of indebtedness with a lien and pledge on the Pledged Revenues, Additional Pledged Revenues, or New Pledged Revenues that would be junior and inferior to the lien and pledge created under the

Master Declaration for the payment and security of the Senior Lien Bonds, Subordinate Lien Obligations and Second Subordinate Lien Obligations.

Other Debt Obligations

As discussed above under "—Statutory Reductions," the Department makes certain payments on outstanding State certificates of participation ("State COPs") as an Administrative Expense. State COPs may be issued in the future for projects that benefit the Department, and the Department would be obligated to make payments on future State COPs from amounts appropriated by the Legislative Assembly for the payment of debt service. See APPENDIX A—"INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—PLEDGED REVENUES—Statutory Reductions—*Administrative Expenses*" and Table A-4—STATUTORY REDUCTIONS.

Pursuant to Article XI-Q of the Oregon Constitution, the State may issue general obligation bonds to finance the costs of acquiring, constructing, remodeling, repairing, equipping or furnishing real or personal property that is or will be owned or operated by the State of Oregon, including, without limitation, facilities and systems, and infrastructure related to the real or personal property ("XI-Q Bonds"). The Department has not granted a pledge or lien of Pledged Revenues to secure the payment of XI-Q Bonds.

Transportation General Obligation Bonds. Pursuant to Article XI, Section 7 of the Oregon Constitution and provisions of Oregon law, the Department may request the State Treasurer to issue general obligation bonds ("Transportation GO Bonds") of the State to provide funds to defray the costs of building and maintaining permanent roads, including the costs of location, relocation, improvement, construction and reconstruction of state highways and bridges. The Oregon Constitution limits the amount of Transportation GO Bonds that may be outstanding at any one time to one percent of the "true cash value" of taxable property within the State.

On May 4, 2017, the State issued its State of Oregon General Obligation Bonds, 2017 Series M (ODOT Projects) (Tax-Exempt), in the aggregate principal amount of $30,005,000 (the "2017 ODOT GO Bonds"), to finance projects authorized by the Legislative Assembly. The 2017 ODOT GO Bonds are not secured by Pledged Revenues. The 2017 ODOT GO Bonds are expected to be paid from biennial appropriations from the State's General Fund budgeted by the Legislative Assembly or, as appropriate, from any other amounts lawfully available for expenditure for that purpose.

The Legislative Assembly budgets for State expenditures every biennium. If amounts budgeted to pay general obligation bonds of the State, including the 2017 ODOT GO Bonds, are not available for any reason, the State Treasurer is authorized to borrow from other funds in the State Treasury to permit debt service payments on general obligation bonds, including the 2017 ODOT GO Bonds, to be timely paid. Notwithstanding the amounts budgeted, pursuant to ORS 367.595, the Department will compute and determine in January of each year, the amount of principal and interest that will fall due during such year on the 2017 ODOT GO Bonds and any other Transportation GO Bonds then outstanding and unpaid and intends to maintain or hold in the State Highway Fund sufficient moneys to pay such maturing obligations.

The State may in the future issue additional Transportation GO Bonds and may pay such bonds from lawfully available revenues of the State Highway Fund on a subordinate and junior basis to all Bonds issued under the Declaration as part of the Highway User Tax Revenue Bond program.

As set forth in the table below, the Department is obligated to make payments to the State on the other debt obligations issued by the State for projects benefitting the Department:

TABLE 6
OTHER STATE BOND OBLIGATIONS OF THE DEPARTMENT
(AS OF AUGUST 1, 2020)

Outstanding Aggregate Principal Amount	Debt Obligations	Project Description
$72,760,263[(1)]	State COPs and XI-Q Bonds	State Radio Project ("SRP")
$35,200,000	XI-Q Bonds	Department Capitol Mall Transportation Building
$28,085,000[(2)]	XI §7 Bonds	Highway Safety Projects

(1) Debt service payments on the SRP Debt Obligations is paid partly from General Funds of the State, for the portions of the project that may not be paid with constitutionally dedicated Highway Funds, and the balance is paid from State Highway Funds.
(2) Debt service payments on the Highway Safety Projects are paid for from General Funds of the State.

Source: Oregon Department of Transportation

RECENT DEVELOPMENTS

Governor Brown issued Executive Order No. 20-04 on March 10, 2020, directing State agencies to exercise any and all authority and discretion to help facilitate achievement of targeted reductions in greenhouse gas ("GHG") emissions, including a reduction of GHG emissions at least 45% below 1990 emissions levels by 2035 and a reduction of GHG emissions at least 80% below 1990 emissions levels by 2050. Executive Order No. 20-04 also makes specific reference to Chapter 565, Oregon Laws 2019, which sets targets for the registration and sales of zero-emission vehicles in Oregon, as follows: 50,000 zero-emission registered vehicles in the State by 2020, 250,000 zero-emission registered vehicles in the State by 2025, at least 25% of registered vehicles and 50% of new motor vehicles in the State will be zero-emission vehicles, and at least 90% of new motor vehicles sold annually in the State will zero-emission vehicles. Executive Order No. 20-04 specifically directs the Commission and the Department to take certain actions, including, the establishment and implementation of GHG emissions reduction performance metrics, the identification and implementation of financial and technical assistance to metropolitan planning areas to meet the State's goals for reductions in GHG emissions and regular direct reporting to the Governor on the achievement of these directives. See APPENDIX A—"INFORMATION RELATING TO THE DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM DATED AS OF SEPTEMBER 2, 2020—PLEDGED REVENUES—Impact of Increased Revenues under Keep Oregon Moving—*Fuel Tax Revenues*" for further discussion of the potential effect of Executive Order No. 20-04 on Fuel Tax Revenues and related plans for expansion of the State's road usage charge program.

For more information regarding the Legislative Assembly's Second Special Session to address the 2019-2021 biennium general fund budget shortfalls in light of the ongoing effects of COVID-19, see "EFFECTS OF THE COVID-19 PANDEMIC—General." The Department cannot predict whether any additional special sessions of the Legislative Assembly will be called prior to the next regular session, which is scheduled to begin in February 2021, and any actions the Legislative Assembly may take at such special sessions.

ABSENCE OF MATERIAL LITIGATION

No litigation is pending against the Department or, to the knowledge of its officers, threatened in any court or other tribunal of competent jurisdiction, State or federal, that has a reasonable probability of success in any way (i) restraining or enjoining the issuance, sale or delivery of the 2020 Bonds, (ii) questioning or affecting the validity of the 2020 Bonds or (iii) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution or delivery of the 2020 Bonds and the pledge or application of moneys provided for payment of the 2020 Bonds, which, if successful, would likely have a material adverse effect on the Pledged Revenues.

Members of the public and advocacy groups from time to time assert that they intend to file a legal action against the Department challenging certain programs, laws or actions that the Department has taken. Because the Department cannot be certain whether such actions will actually be filed, the legal assertions that may be made in the potential action or the remedy sought in terms of the amount of damages or performance requested of the Department, the Department includes as threatened litigation only situations in which the Department is engaged in active settlement negotiations with a person or advocacy group in order to pre-empt filing of a lawsuit. Further, the Department discloses only pending or threatened litigation which the Department has determined may have a materially adverse effect on the Department's financial position in relation the bonds offered for sale. For the 2020 Bonds, that involves litigation in which the damages or performance sought has a reasonable probability of imposing a liability of $75 million or more.

Potential Superfund Liability

In 2000, the U.S. Environmental Protection Agency ("EPA") listed an approximately 10-mile stretch of the lower Willamette River area ("Site") as a superfund site under the federal Superfund law ("CERCLA"). EPA has identified over 100 parties as potentially responsible under CERCLA for costs related to investigation and cleanup of hazardous substances at the Site, including the State of Oregon, acting by through the Department and Department of State Lands ("DSL"). EPA alleges the release of hazardous substances in storm water draining into Portland Harbor from property owned, leased, or operated by the Department and from third-party activities on submerged and submersible leased lands owned by the State in trust for the public and managed by DSL within the Site. Under CERCLA, responsible parties can be held jointly and severally liable for all costs, subject to certain defenses.

In 2017, EPA issued its final cleanup plan for the Site called the "Record of Decision" ("ROD"). The ROD requires active remediation (through dredging, capping, enhanced natural recovery, and monitored natural recovery) of nearly 400 acres of contaminated sediments and over 20,000 lineal feet of riverbank. EPA's initial estimate for full performance of the remedy was $1.05 billion and 13 years; other parties estimate that it is a $3 billion remedy that will take 20 years to complete. Liable parties under CERCLA are responsible for funding this remedial action, as well as preliminary actions such as additional investigations, remedial design, and agency oversight. EPA has asked potentially responsible parties ("PRPs") to step forward to perform components of the ROD or risk an enforcement action. Numerous parties, including DSL and the Department, have entered into Administrative Settlements and Orders on Consent with EPA to perform pre-remedial design and related work.

A group of Portland Harbor PRPs are engaged in a confidential, non-binding private mediation process to achieve an allocation of responsibility for the costs of implementing the ROD among the responsible parties. If successful, the process will culminate in the parties developing a comprehensive settlement proposal to EPA based on the allocation. If accepted by EPA, the settlement will be memorialized in a judicial Consent Decree filed in the Oregon federal district court. The State is participating in this non-judicial allocation by and through DSL and the Department. It is not possible to predict the relative share of cleanup costs that will be assigned to each agency through this confidential mediation or, should it fail, through litigation. It is also too early to predict when the mediation will conclude or whether it will result in a durable comprehensive settlement with EPA.

Separately, the Portland Harbor natural resource trustees, a group composed of five tribes, two federal agencies and the State, acting through its trustee, the Oregon Department of Fish and Wildlife, are asserting a CERCLA claim for natural resource damages ("NRD") against all Portland Harbor PRPs, including the Department and DSL. The trustees have initiated a cooperative injury assessment process funded by thirty parties, the goal of which is to reach settlements of the NRD claim based on readily available information. The State is seeking a settlement of its NRD liabilities through this process.

The State has pursued claims for insurance coverage of its Portland Harbor defense costs and expects to make additional insurance claims in the future for its eventual liabilities for cleanup costs and NRD. These claims are based on commercial general liability insurance policies that the State held between 1968 and 1972 and on insurance policies that listed DSL and the Department as additional insureds. The State has executed a settlement agreement with several of its insurers regarding their obligation to pay for most of the State's defense costs through 2024, but the insurers have reserved their rights to deny indemnity coverage.

TAX MATTERS

2020 Tax-Exempt Bonds

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2020 Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State personal income taxes. Bond Counsel is of the further opinion that interest on the 2020 Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expects to deliver an opinion at the time of issuance of the 2020 Tax-Exempt Bonds substantially in the form set forth in Appendix E hereto.

To the extent the issue price of any maturity of the 2020 Tax-Exempt Bonds is less than the amount to be paid at maturity of such 2020 Tax-Exempt Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2020 Tax-Exempt Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2020 Tax-Exempt Bonds which is excluded from gross income for federal income tax purposes and State personal income taxes. For this purpose, the issue price of a particular maturity of the 2020 Tax-Exempt Bonds is the first price at which a substantial amount of such maturity of the 2020 Tax-Exempt Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2020 Tax-Exempt Bonds accrues daily over the term to maturity of such 2020 Tax-Exempt Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2020 Tax-Exempt Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2020 Tax-Exempt Bonds. Beneficial Owners of the 2020 Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2020 Tax-Exempt Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2020 Tax-Exempt Bonds in the original offering to the public at the first price at which a substantial amount of such 2020 Tax-Exempt Bonds is sold to the public.

The 2020 Tax-Exempt Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2020 Tax-Exempt Bonds. The Issuer has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2020 Tax-Exempt Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2020 Tax-Exempt Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2020 Tax-Exempt Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2020 Tax-Exempt Bonds may adversely affect the value of, or the tax status of interest on, the 2020 Tax-Exempt Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2020 Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is exempt from the State's personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2020 Tax-Exempt Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2020 Tax-Exempt Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2020 Tax-Exempt Bonds. Prospective purchasers of the 2020 Tax-Exempt Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment about the proper treatment of the 2020 Tax-Exempt Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuer has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2020 Tax-Exempt Bonds ends with the issuance of the 2020 Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer or the Beneficial Owners regarding the tax-exempt status of the 2020 Tax-Exempt Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Issuer and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Issuer legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2020 Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2020 Tax-Exempt Bonds, and may cause the Issuer or the Beneficial Owners to incur significant expense.

2020 Taxable Bonds

Bond Counsel is of the opinion that interest on the 2020 Taxable Bonds is exempt from State of Oregon personal income taxation. Bond Counsel is also of the opinion that interest on the 2020 Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the 2020 Taxable Bonds. The proposed form of opinion of Bond Counsel is contained in Appendix E hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the 2020 Taxable Bonds that acquire their 2020 Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their 2020 Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the 2020 Taxable Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their 2020 Taxable Bonds pursuant to this offering for the issue price that is applicable to such 2020 Taxable Bonds (i.e., the price at which a substantial amount of the 2020 Taxable Bonds are sold to the public) and who will hold their 2020 Taxable Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a Beneficial Owner of a Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-

U.S. Holder" generally means a Beneficial Owner of a Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds 2020 Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding 2020 Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the 2020 Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the 2020 Taxable Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the 2020 Taxable Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the 2020 Taxable Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the 2020 Taxable Bonds is less than the amount to be paid at maturity of such 2020 Taxable Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2020 Taxable Bonds) by more than a de minimis amount, the difference may constitute original issue discount ("OID"). U.S. Holders of 2020 Taxable Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

2020 Taxable Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a 2020 Taxable Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such 2020 Taxable Bond.

*Sale or Other Taxable Disposition of the 2020 Taxable Bond*s. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the State) or other disposition of a 2020 Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a 2020 Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the 2020 Taxable Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the 2020 Taxable Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such 2020 Taxable Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the 2020 Taxable Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the 2020 Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the 2020 Taxable Bonds. If the State defeases any 2020 Taxable Bond, the 2020 Taxable Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted tax basis in the 2020 Taxable Bond.

Information Reporting and Backup Withholding. Payments on the 2020 Taxable Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the 2020 Taxable Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the 2020 Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2020 Taxable Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act," payments of principal of, and interest on, any 2020 Taxable Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the State through stock ownership and (2) a bank which acquires such 2020 Taxable Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the Beneficial Owner of the 2020 Taxable Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the 2020 Taxable Bonds. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "FATCA," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the State or a deemed retirement due to defeasance of the 2020 Taxable Bond) or other disposition of a 2020 Taxable Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the State) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A 2020 Taxable Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such 2020 Taxable Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading "FATCA," under current U.S. Treasury Regulations, payments of principal and interest on any 2020 Taxable Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the Beneficial Owner of the 2020 Taxable Bond or a financial institution holding the 2020 Taxable Bond on behalf of the Beneficial Owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a Beneficial Owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act ("FATCA") - U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of 2020 Taxable Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of 2020 Taxable Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on employee benefit plans subject to Title I of ERISA ("ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including, but not limited to, the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the Plan. Under ERISA, any person who exercises any authority or control respecting the management or disposition of the assets of an ERISA Plan is considered to be a fiduciary of such ERISA Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving (i) the assets of an ERISA Plan, (ii) the assets of a benefit plan that may not be subject to Title I of ERISA but that is a “plan” as defined in, and subject to, Section 4975 of the Code, such as an individual retirement account, and (iii) entities that are deemed to hold “plan assets” of ERISA Plans and “plans” described in the foregoing clauses (i) and (ii) by reason of the investment in such entities by such ERISA Plans or “plans” (collectively, clauses (i), (ii) and (iii) referred to herein as “Plans”). ERISA imposes such prohibited transaction restrictions with respect to transactions involving a Plan and certain persons (referred to as “parties in interest” or “disqualified persons” (each, a “Party in Interest”)) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A Party in Interest who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) are not subject to the requirements relating to fiduciary duties or prohibited transactions under ERISA but may be subject to similar requirements under applicable federal or state law that is materially similar to ERISA (“Similar Law”).

The fiduciary of a Plan that proposes to purchase, hold or dispose of any 2020 Taxable Bonds should consider, among other things, whether such purchase, holding or disposition may involve (i) the direct or indirect extension of credit to a Party in Interest, (ii) the sale or exchange of any property between a Plan and a Party in Interest, (iii) the transfer to, or use by or for the benefit of, a Party in Interest, of any Plan assets, or (iv) another transaction that is a prohibited transaction pursuant to ERISA or Section 4975 of the Code. Depending on the identity of the Plan fiduciary making the decision to acquire or hold 2020 Taxable Bonds on behalf of a Plan and other factors, U.S. Department of Labor Prohibited Transaction Class Exemption (“PTCE”) 75-1 (relating to certain broker-dealer transactions), PTCE 84-14 (relating to transactions effected by “qualified professional asset managers”), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by an insurance company general account), or PTCE 96-23 (relating to transactions directed by certain “in-house asset managers”) (collectively, the “Class Exemptions”) could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code generally provide for a statutory exemption from the prohibitions of Section 406(a) of ERISA and Section 4975 of the Code for certain transactions between Plans and persons who are Parties in Interest solely by reason of providing services to such Plans or that are affiliated with such service providers, provided generally that such persons are not fiduciaries or their affiliates with respect to the “plan assets” of any Plan involved in the transaction and that certain other conditions are satisfied.

By its acceptance of a 2020 Taxable Bond, each purchaser will be deemed to have represented and warranted that either (i) no “plan assets” of any Plan have been used to purchase such 2020 Taxable Bond, or (ii) the Underwriter is not a Party in Interest with respect to the “plan assets” of any Plan used to purchase such 2020 Taxable Bond, or (iii) the purchase and holding of such 2020 Taxable Bond is exempt from the prohibited transaction restrictions of ERISA and Section 4975 of the Code pursuant to a statutory exemption or an administrative class exemption.

Each Plan fiduciary (and each fiduciary for a governmental or church plan subject to Similar Law) should consult with its legal advisor concerning a purchase of any of the 2020 Taxable Bonds and should make a determination as to whether the purchase, holding or disposition of such 2020 Taxable Bonds would comply with ERISA or Similar Law, as applicable.

RATINGS

S&P Global Ratings ("S&P"), Fitch Ratings, Inc. ("Fitch") and Moody's Investors Service ("Moody's") have assigned long-term ratings of "AA+," "AA+" and "Aa2," respectively, to the 2020A Subordinate Lien Bonds. S&P, Fitch and Moody's have assigned long-term ratings of "AAA," "AA+" and "Aa1," respectively, to the 2020B Senior Lien Bonds. Certain information was supplied by the Department to the rating agencies to be considered in evaluating the 2020 Bonds. Credit ratings reflect the views of the representative rating agencies and are not a recommendation to buy, sell or hold the 2020 Bonds. Any explanation of the significance of ratings should be obtained directly from the agencies. There is no assurance that any rating will not be subsequently revised or withdrawn entirely if, in the judgment of the assigning agency, circumstances so warrant. The Department has undertaken to provide timely notice of any change in such ratings. See "CONTINUING DISCLOSURE" below.

MUNICIPAL ADVISOR

The Department has retained Public Resources Advisory Group, Oakland, California, as municipal advisor in connection with the preparation of this Official Statement and with respect to the issuance of the 2020 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

UNDERWRITING

The 2020 Bonds are being purchased by Morgan Stanley & Co. LLC, as representative (the "Representative") of itself and Citigroup Global Markets Inc., BofA Securities, Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Piper Sandler & Co., and Siebert Williams Shank & Co., LLC (collectively, the "Underwriters") for reoffering pursuant to a bond purchase agreement executed and delivered by the Representative on behalf of the Underwriters and the State.

The bond purchase agreement relating to the 2020 Bonds (the "2020 Bonds BPA") provides that the Underwriters will purchase all of the 2020 Bonds, if any are purchased. The purchase price of the 2020A Subordinate Lien Bonds is $___________ (the principal amount of the 2020A Subordinate Lien Bonds of $____________, plus [net] original issue premium of $________ and less an Underwriter's discount of $___________). The purchase price of the 2020B Senior Lien Bonds is $___________ (the principal amount of the 2020B Senior Lien Bonds of $____________, less an Underwriter's discount of $_________). The obligation to make such purchase is subject to certain terms and conditions set forth in the 2020 Bonds BPA, the approval of certain legal matters by counsel and certain other conditions.

The Underwriters reserve the right to join with dealers and other underwriters in offering the 2020 Bonds to the public. The Underwriters may offer and sell the 2020 Bonds to certain dealers (including dealers depositing the 2020 Bonds to investment trusts) and others at prices lower than the public offering prices stated on the inside cover page hereof. The Underwriters may change the public offering prices from time to time.

Morgan Stanley & Co. LLC, an Underwriter of the 2020 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2020 Bonds.

Citigroup Global Markets Inc., an Underwriter of the 2020 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. may compensate Fidelity for its selling efforts with respect to the 2020 Bonds.

BofA Securities, Inc., an underwriter of the 2020 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2020 Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the 2020 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2020 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

CERTAIN LEGAL MATTERS

The validity of the 2020 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Portland, Oregon, Bond Counsel and Disclosure Counsel to the Issuer. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Orrick, Herrington & Sutcliffe LLP, who represents the State in connection with the 2020 Bonds, also represents the State on certain other matters and represents the Underwriters in connection with other bonds issued by the State.

Certain legal matters will be passed upon for the Underwriters by Hawkins Delafield & Wood LLP, Portland, Oregon. Underwriters' Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Hawkins Delafield & Wood LLP, who represents the Underwriters in connection with the 2020 Bonds, also represents the State on other matters. The Oregon Department of Justice, Salem, Oregon, will address certain matters for the State and the Department.

CONTINUING DISCLOSURE

The State, acting by and through the State Treasurer and the Department, will undertake to provide to the Municipal Securities Rulemaking Board, on an annual basis on or before nine months after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2020, a Continuing Disclosure Certificate for the benefit of registered owners and Beneficial Owners of the 2020 Bonds and the unaudited Annual Financial Report of the Department substantially in the form attached as Appendix B to this Official Statement. In addition, the State and the Department will undertake for the benefit of registered and Beneficial Owners of the 2020 Bonds to provide to the Municipal Securities

Rulemaking Board in a timely manner notices of certain listed events. This undertaking is to assist the Underwriters in complying with Rule 15c2-12 of the Securities and Exchange Commission. The proposed form of Continuing Disclosure Certificate for the 2020 Bonds is contained in Appendix F hereto.

The State did not file certain of its annual reports, annual financial and operating information and material event notices by individual nine digit CUSIP numbers with respect to certain bonds issued by the State. The State has subsequently taken action to correct such filings and on all future filings will file by six digit CUSIP numbers to ensure that individual nine digit CUSIP numbers of non-refunded bonds or other nine digit CUSIP bonds are not inadvertently excluded in future filings.

The filing of required annual financial and operating information as part of the State's outstanding continuing disclosure obligations have been of the same type of information identified in the applicable continuing disclosure undertakings. Additionally, the information contained in the filings made by the State, has not always been presented in the same format referenced in the related undertakings, and the format of information of the type to be filed by the State may vary in the future.

MISCELLANEOUS

References are made herein to certain documents and reports that are brief summaries thereof, which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the State or the Department and the purchasers or holders of any of the 2020 Bonds.

The State and the Department have duly authorized the distribution of this Official Statement.

STATE OF OREGON
Tobias Read
State Treasurer

By: ____________________________________
Director, Debt Management Division

DEPARTMENT OF TRANSPORTATION

By: ____________________________________
Chief Financial Officer

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APPENDIX A

INFORMATION RELATING TO THE
OREGON DEPARTMENT OF TRANSPORTATION AND THE
HIGHWAY USER TAX REVENUE BOND PROGRAM
AS OF SEPTEMBER 2, 2020

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INFORMATION RELATING TO THE OREGON DEPARTMENT OF TRANSPORTATION AND THE HIGHWAY USER TAX REVENUE BOND PROGRAM

INTRODUCTION AND PURPOSE

This Appendix A sets forth Information Relating to the Oregon Department of Transportation ("ODOT" or the "Department") and the Highway User Tax Revenue Bond program as of September 2, 2020 (the "Information Statement"). It includes descriptions of the Department, certain aspects of the highway system of the State of Oregon (the "State") and the Highway User Tax Revenue Bond program authorized by the Oregon Legislative Assembly (the "Legislative Assembly") to finance highway system capital projects, the security and sources of payment for such financing, and certain other investor considerations. Investors are advised to read the entire Official Statement, including this Information Statement, to obtain information essential to the making of an informed investment decision. Capitalized terms used but not otherwise defined in this Information Statement shall have the meaning given in the forepart of the Official Statement, dated September 2, 2020.

OREGON DEPARTMENT OF TRANSPORTATION

General

In 1969, the Legislative Assembly established the Department. The Department administers the State's highway system, implements motor vehicle and motor carrier laws and oversees public transit, rail and transportation safety programs throughout the State. The Office of the Director provides direction for all Department programs.

Oregon Transportation Commission

The Oregon Transportation Commission (the "Commission" or the "OTC") is a five-member, voluntary citizens' board. The Governor, with the consent of the Oregon State Senate, appoints its members. Members serve a four-year term and may be re-appointed. The Commission is empowered to:

- Develop and maintain a State transportation policy and a comprehensive, long-range plan for a multimodal transportation system;
- Coordinate and administer programs relating to highways, motor vehicles, public transit, rail, transportation safety, motor carrier and other transportation-related programs; and
- Exercise other powers vested in it by State law.

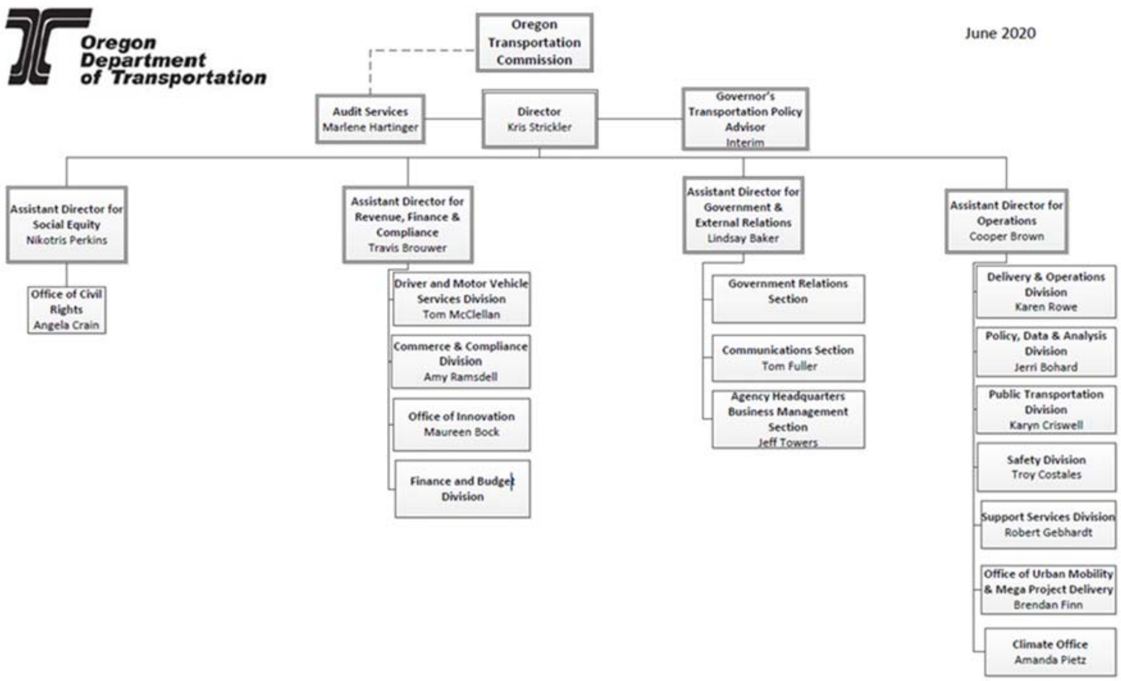
When making Commission appointments, the Governor considers the geographic regions of the State so that at least one member resides east of the Cascades Mountain Range. In addition, not more than three members may belong to any one political party. Current members of the Commission are:

Commissioner	Term Expires
Bob Van Brocklin, Chair	June 30, 2021
Alando Simpson, Vice Chair	June 30, 2022
Julie Brown	June 30, 2024
Martin Callery*	June 30, 2020
Sharon Smith	June 30, 2023

* Commissioner Callery's service continues until reappointment or replacement.

Divisions of the Department

The Department's functions include planning, engineering, construction, maintenance, operations, regulation, enforcement and administration of State highways as well as other transportation modes and programs. The Department also collects taxes, fees and grant funds and distributes portions of these funds to counties, cities and other State agencies. Below is an organizational chart for the Department showing the various offices and divisions, as of June 2020. Descriptions of the four functional areas under the assistant directors and certain divisions and offices of the Department follow below.



ODOT is undergoing a reorganization to better integrate the agency across division boundaries and setup the agency to deliver the transportation system of the future. The reorganization is focused around combining like functions under four assistant directors.

The Assistant Director for Operations oversees all transportation system operations, including the Delivery & Operations Division, Policy, Data & Analysis Division, Public Transportation Division, Transportation Safety Division, Support Services Division, the Office of Urban Mobility & Mega Project Delivery, and the Climate Office.

Delivery & Operations Division is the Department's largest division and is responsible for operating and maintaining approximately 7,500 miles of highway and 2,700 bridges comprising the State highway system. This division operates a centralized Technical Services Branch in the Department's headquarters that establishes and maintains standards and is responsible for quality control and assurance. The division also includes five regional offices accountable for project delivery including engineering and construction activities and all State highway maintenance activities. Other functions include highway planning, local government assistance, development of the Statewide Transportation Improvement Program ("STIP"), which is discussed below, emergency operations and the administration of all federal funds supporting highway construction in Oregon.

Office of Urban Mobility and Mega Projects is a standalone office focused on maintenance, operational and project delivery in the Portland metro area, such as the I-5 Rose Quarter Project authorized by Keep Oregon Moving, the Interstate Bridge Replacement project, and the I-205 Abernathy Bridge project.

Policy, Data & Analysis Division ("PDAD") integrates the sections and units of Active Transportation, Transportation Planning, Transportation Research, and Transportation Data in support of developing a more multimodal transportation system. PDAD plans and develops Oregon's transportation future with a focus on providing Oregonians with a balanced, well-connected system. The PDAD's programs develop future transportation systems, support comprehensive statewide transportation planning processes, perform related research projects and collect and analyze transportation data. PDAD provides policy analysis, strategic planning, research and program development services for the Department, including implementation of the Oregon Transportation Plan and the Oregon Highway Plan, the Oregon Freight Plan and planning support for other modal plans. PDAD also represents the Department in interagency partnerships such as the Transportation Growth Management program and similar interagency efforts. Each of these sections are described below.

Public Transportation Division ("PTD") oversees Transit Operations, Transit Programs, Rail Safety, Rail Crossing Safety, Rail Operations, and other transportation options including bike and pedestrian. PTD provides grants, policy leadership, training, and technical assistance to communities and local transportation providers. PTD also assists in the development of safe and connected intercity passenger bus, streetcar and rail transit, ridesharing, and other alternatives to driving alone as ways to reduce congestion, diminish environmental impacts, and make more efficient use of Oregon's transportation system. PTD manages freight and passenger rail planning activities, while regulating the track, equipment, operation and transportation of hazardous materials on Oregon's railroads. PTD oversees rail transit agencies, including other governmental agencies that operate light rail vehicles, street cars and trolleys. PTD also manages right of way, leases and insurance liability issues that may arise between private property owners and rail lines.

Transportation Safety Division operates the statewide transportation safety program through partnerships with other State agencies, local governments, non-profit organizations, the private sector and advisory committees. Major safety efforts focus on occupant protection, impaired driving, speeding, youthful drivers, pedestrians, bicyclists, motorcyclists and employers.

Support Services Division includes the core administrative functions of the Department including Business Services, Facilities Services, Human Resources, Information Systems, and Procurement Office. Central Services provides services that support all operations and divisions within the Department.

The Assistant Director for Government & External Relations oversees the external facing efforts of the agency. This includes the Government Relations, Communications, and Business Management Sections.

The Assistant Director for Revenue, Finance and Compliance manages all of the agency's revenue, finance, and regulatory compliance functions across multiple divisions, including the Driver and Motor Vehicle Division, Commerce and Compliance Division, Finance and Budget Division, and the Office of Innovation.

Driver and Motor Vehicle Services Division ("DMV") promotes driver safety, records financial and ownership interests in vehicles, and collects revenue for the State's transportation system. DMV issues vehicle titles and registration, issues Oregon driver licenses and identification cards, fulfills record requests, investigates fraud and regulates vehicle-related businesses. DMV's operating revenues are derived primarily from driver license, vehicle title and vehicle registration fees. DMV also collects fees dedicated to other funds or agencies, such as Passenger Rail, Elderly and Disabled Special Transportation

Fund, Student Driver Training Fund, and the Parks and Recreation Department. Revenues are initially deposited to a suspense account maintained at Oregon State Treasury and after paying for collection and other administrative costs, are transferred to local governments, other agencies, the State Highway Fund and other funds as appropriate.

Office of Innovation manages the Department's Innovative Partnerships Program and is responsible for the development of transportation projects as public-private ventures. Current public-private partnership programs managed by the Office of Innovation include the Oregon Solar Highway Program and Oregon's Electric Vehicle Project. The Office of Innovation also leads the State's efforts to develop a design for an alternative road usage revenue collection system for Oregon's roads and highways.

Commerce and Compliance Division ("CCD") regulates the trucking industry and enforces related laws and regulations regarding commercial vehicles. CCD issues truck licenses and various permits; collects registration fees, weight-mile taxes and road use assessment fees; and processes required reports and security bonds. CCD audits weight-mile tax reports and payments. Division enforcement officers and safety specialists inspect trucks for compliance with safety, size and weight regulations at CCD field offices, ports of entry and weigh stations. CCD also conducts safety audits of new motor carriers and comprehensive safety audits at motor carriers' terminals to check compliance with regulations. CCD regulates highway-rail crossings and manages construction projects to improve crossings.

Finance and Budget Division oversees the agency's fiscal functions and consists of three units. The Financial Services unit provides a wide range of integrated financial and accounting processes for the Agency. Budget Services manages the legislative budget process and implementation of the agency's operational budget. Economic and Financial Analysis forecasts the agency's revenues and manages the agency's portfolio of bonded debt.

The Assistant Director for Social Equity has primary charge of institutionalizing equity, diversity, and inclusion practices in ODOT programs, policies, performance and priorities. This takes the shape of equity in program management (policies, priorities, performance measurement, planning, transportation decisions within communities and funding), workforce and workplace (recruiting, hiring, onboarding, training, developing, and career advancement), contracting (ensuring that contractors and consultants reflect the value of equity in hiring, workforce, design and service delivery), and advisory structures (that are reflective of Oregon's diversity).

Department Staff

The Commission appoints the Director of the Department. The Director or the Director's designee appoints all subordinate officers and employees of the Department. Key executive managers are listed below.

Kris Strickler, Director, started with ODOT in 2018 as the Highway Division Administrator. He was chosen by the OTC to become Director in September 2019 and was confirmed by the Oregon Senate in November 2019. As the Director of the Department, he manages an agency of about 4,940 people and a biennial budget of approximately $4.5 billion.

Travis Brouwer, Assistant Director for Revenue, Finance & Compliance, has served as ODOT's Assistant Director for more than five years, and has been responsible for day-to-day operations of the Director's Office, as well as providing oversight, strategy, and guidance to all areas of the agency. Travis has more than 14 years of service within the agency, including as ODOT's Federal Affairs Advisor.

Lindsay Baker, Assistant Director for Government & External Relations, began her ODOT career in 2018 as the Government Relations Manager. She brings extensive experience working within the Oregon State Legislature, representing executive branch agencies before the Legislature, and building coalitions and collaborative partnerships with external stakeholders.

Cooper Brown, Assistant Director for Operations, served as the Oregon Transportation Commission's Chief of Staff since 2018. Prior to joining ODOT, he led policy and management teams for the U.S. Department of Defense and served in a wide range of foreign affairs roles. He has extensive experience managing at all levels and has led diverse teams of private and public stakeholders, civil servants, and U.S. service members, many in far reaching and remote geographic areas.

Nikotris Perkins, Assistant Director for Social Equity, joined ODOT in April 2020. Ms. Perkins comes from Milwaukee, WI, where she served as a senior strategist at the research firm Ubuntu. She brings with her decades of experience transforming organizational culture and beliefs on inclusion, race, and equity; coaching business owners, consultants, and startups how to talk about race with an emphasis on valuing voice; and consulting with youth and educational institutions on implementation of equity and inclusion strategies.

Tracy Wroblewski, Finance and Budget Division, Chief Financial Officer, started with the Department in 1990 and has served in her current role since July 2013. She oversees the financial activities of the Department, including accounting, debt and investment, cost and quantitative analysis, financial reporting, fuel taxes and collection, payroll, and system development and maintenance.

Statewide Transportation Planning

Oregon has a comprehensive transportation and land use planning process designed to define statewide transportation goals and policies and to translate these goals and policies into specific, prioritized projects to be funded. Oregon statewide transportation plans are adopted by the Oregon Transportation Commission. The Oregon Transportation Plan (the "OTP") is a 25-year transportation plan that comprehensively assesses public and private transportation facilities and services on State, regional and local levels through 2030. The OTP was adopted in 2006 and amended in:

- 2012 for tolling and pricing policies,
- 2017 for an Americans with Disabilities Act strategy, and
- 2018 to demonstrate performance measures requirement compliance with federal planning regulations and to incorporate the Statewide Transportation Strategy: a 2050 Vision for Greenhouse Gas Emission Reduction.

The OTP is the overarching policy document among a series of plans that together form the State's overall transportation system plan. The OTP considers all modes of Oregon's transportation system as a single system and addresses the core challenges and opportunities facing transportation in Oregon. The OTP is the Department's overall policy document directing transportation investments for the State and providing the framework for prioritizing transportation improvements based on various future projected revenue conditions. The OTP is consistent with federal requirements and State law.

The Oregon Highway Plan (the "OHP") is an element of the OTP and applies OTP goals to the State highway system. The OHP was adopted by the Commission in 1999 and has three primary elements including: (i) a vision for the state highway system, (ii) policy and actions to define system management, and analyses of statewide needs, trends, investment scenarios and (iii) an implementation plan for funding priorities. Since its initial publication and republication, the OHP has been revised, amended and updated, several times including:

- Significant revisions in 2011 to the mobility standards policy,
- Revisions in 2012 to the access management, freight and toll pricing policies,
- Revisions in 2013 to the State-wide system of expressways, and
- Updates in 2018 to demonstrate Oregon compliance with Federal Highway Administration performance management requirements.

The current needs analysis of the OTP is based upon the assumption of continued increases in traffic volumes, using estimates of State population growth over a 20-year period beginning in 2006. On the basis of projected traffic volumes, ODOT has identified capacity needs and developed a "feasible needs" analysis for a 20-year period beginning in 2006. Revenue projections are based on projected revenues from highway user taxes and federal funds. Assuming no increase in current funding levels and including funding from the Oregon Transportation Investment Act ("OTIA"), the Jobs and Transportation Act ("JTA") and Keep Oregon Moving ("Keep Oregon Moving" and together with OTIA and JTA, the "Transportation Finance Acts" and each a "Transportation Finance Act"), all of the State's identified highway needs will not be met with current funding methods.

The Department has developed policies and scenarios to use in planning and prioritizing programs at current and future potential funding levels. At current funding levels, the Department expects to place the highest priority investments in the State highway system on safety and on managing and preserving the existing physical infrastructure. With limited abilities to expand the physical infrastructure, the OHP's infrastructure investment policies emphasize capacity-adding programs that are less costly than traditional modernization projects. These include interconnected traffic signal systems and other operational changes, intelligent transportation system technologies and off-system improvements. As part of overall plan implementation, ODOT provides reports to the OTC and a broader audience. For the OTC, ODOT staff provides updates regarding overall system performance such as bridge and pavement conditions. For a broader audience, ODOT prepares a State of the System report which provides condition and trend information for the overall transportation system including highways, bikeways, walkways, and freight systems.

Another long-range policy plan is the Oregon Freight Plan ("OFP"), which is also an element of the OTP. The current version of the OFP was adopted in 2011 and amended in 2017 to maintain compliance with new federal requirements from the Fixing America's Surface Transportation Act ("FAST Act") for state freight plans. The OFP establishes a vision for the multi-modal and intermodal freight system in Oregon. Some of the priority investments supported by the OFP include removing system pinch points and bottlenecks as well as improving access to critical freight terminals and hubs such as ports, rail transfer terminals, and distribution centers. The OFP also includes investment priorities for rail and marine facilities that can improve freight mobility and safety to help bolster the economy of Oregon.

The full list of existing Oregon statewide transportation plans is shown below. In general, each document underneath the OTP refines specific policies, strategies, and investment and implementation priorities for a specific transportation mode or topic.

- Oregon Transportation Plan (Overarching policy)
- Oregon Aviation Plan
- Oregon Bicycle and Pedestrian Plan
- Oregon Freight Plan
- Oregon Highway Plan
- Oregon Public Transportation Plan
- Oregon Rail Plan
- Oregon Transportation Options Plan
- Oregon Transportation Safety Action Plan
- Statewide Transportation Strategy for GHG Reductions

Statewide Transportation Improvement Program ("STIP")

The STIP is the project and program funding and scheduling document produced by ODOT to implement the OTP and the OHP. The STIP covers a four-year period and is updated every three years. The currently approved program is the 2018-2021 STIP. In July 2020, the OTC approved the 2021-2024 STIP. The STIP prioritizes, schedules and assigns funding to transportation projects and programs following the policy direction of the Commission and reflecting the work done in a variety of efforts, including:

- The Oregon Transportation Plan
- The Oregon Highway Plan
- Modal plans and management systems supported through the current federal funding act such as public transit, rail, bicycle and pedestrian, etc.
- Consultation and partnership with Area Commissions on Transportation, local government officials and the public
- Projects and strategies developed in conjunction with facility plans developed for the State and local transportation system, which include efforts such as Interchange Area Management Plans and Corridor plans
- Projects divided into two broad categories, "Fix-It" and "Enhance," selected and prioritized based on criteria approved by the Commission
    - Fix-It Program: funds projects and activities that fix or preserve the state transportation system
    - Enhance Program: funds projects and activities that enhance, expand, or improve the state transportation system
- Priorities identified in regional, county and city transportation systems plans
- Reduce GHG emission impacts of the selected projects.

Federal regulations require the identification of all federally funded transportation projects and all regionally significant transportation projects in the STIP. This includes projects on the federal, State, county and city transportation systems, passenger rail, public transit, bicycle and pedestrian projects and projects in the National Parks, National Forests and on tribal lands. Projects listed by all nine metropolitan planning organizations ("MPOs") within the State must be included in the STIP in their entirety.

Programs and projects funded through the STIP must also comply with State and local land use laws and must meet the goals of the federal Clean Air Act Amendments and the State's implementation plan for air quality. Projects are developed in accordance with the goals, policies and guidelines set forth in the OTP.

Projects included in the STIP are identified and prioritized utilizing the processes specified in the current federal funding act. Project identification and prioritization are based primarily on system conditions and needs. The Department uses the project lists developed through this process and applies localized knowledge supplemented with input from local governments, transportation stakeholders and the public. This process results in the projects and relative prioritizations listed in the STIP. Local government projects in the STIP are identified and prioritized utilizing system management data and public involvement at the local government level. The Department is included in this process as directed by federal law. All projects are scheduled for construction or implementation according to their priority and funding availability.

Funding Levels. Under federal law, the STIP can only include projects for which the State can reasonably expect adequate funding. Funding levels for the four-year program are based on projections made by the Department's economic and revenue forecasting staff of State and federal revenues and are approved by the Commission. For a discussion of federal transportation funding, see "—Federal Highway Funding" below.

The State highway portion of the 2018-2021 STIP was developed based on an estimated four-year total non-Transportation Finance Act funding level of approximately \$2.5 billion for preliminary engineering, right of way acquisition, utility relocation and construction costs. Sources of funding include over \$2 billion in federal highway funds and over \$500 million in State transportation fees and tax receipts. In addition, the STIP has \$400 million (four-year total) in public transportation projects funded by the Federal Transit Administration. The State's use of federal funds, and the use of federal funds by local governments that obtain federal funding through the State, are subject to approval, audit and review by the U.S. Department of Transportation and outside audits of the State's financial statements are also subject to periodic review by the U.S. Department of Transportation.

For the major highway programs in the 2018-2021 STIP, the Commission approved average annual non-Transportation Finance Act funding targets of approximately \$83 million for bridge-related work, \$87 million for pavement preservation work, \$40 million for the safety investment program, \$20 million for the operations/intelligent transportation system program and \$45 million for other special programs.

Although Transportation Finance Act projects are not included in the above amounts, the STIP does provide detailed information about projects to be funded with the proceeds of Transportation Finance Act bonds. During the 2018-2021 timeframe covered by the current STIP, over \$300 million is anticipated to be spent on Transportation Finance Act projects (these include local projects as well). Many of those projects are currently listed in the STIP.

The 2021-2024 STIP will become operative October 1, 2020 and includes \$2.9 billion in highway projects and programs from a variety of federal, state, local and other transportation funding sources, as well as \$496 million in federal transit funded projects and programs. Federal funding levels in the 2021-2024 STIP are based on a conservative 10% reduction from the FAST Act. The 2021-2024 STIP includes \$663 million in named Keep Oregon Moving projects.

Statutory Modernization Requirement

By statute, the Department is required to spend a certain amount for modernizing State highways and roads. Under Oregon Revised Statutes ("ORS") 366.507, the intent of the modernization program, which includes both Transportation Finance Act and non-Transportation Finance Act projects and funding sources, is to increase highway safety, to accelerate improvements from the backlog of State highways needs and to fund modernization of highways and local roads to support economic development in Oregon. For the Department's fiscal year ended June 30, 2020, approximately $76.7 million was dedicated to the modernization program, and the Department was in compliance with the statute.

Federal Highway Funding

Federal funding for surface transportation projects comprises a number of different sources, including the Federal Highway Trust Fund ("HTF") and appropriations from the general fund of the U.S. Treasury that are described in this section. The purposes and administrative authority of the various federal surface transportation programs (hereinafter "Federal Transportation Programs"), including the federal aid highway program ("FAHP"), have been codified and reauthorized by Congress. Historically, there have been numerous short-term and long-term reauthorizations of the Federal Transportation Programs.

Multi-Year Authorization and Federal Highway Trust Fund

Generally, Federal Transportation Programs must be periodically reauthorized by Congress. Following a number of prior multi-year authorizations, Congress enacted the FAST Act which was signed into law on December 4, 2015. The FAST Act authorizes funding and policy for Federal Transportation Programs for a five-year period. The FAST Act provides for the imposition of the highway-user taxes, generally at the rates that were in place when the legislation was enacted, through September 30, 2022. Further, it extends provision for deposit of almost all highway-user taxes into the HTF through September 30, 2022. In addition, the FAST Act authorized U.S. General Fund transfers totaling $70 billion to supplement the highway user taxes in the HTF to fund FAST Act spending levels.

The HTF provides the primary funding for Federal Transportation Programs. Funded by a collection of federally-imposed motor vehicle user fees, primarily fuel taxes, the HTF is a fund established by federal law to hold dedicated highway-user revenues that are used for reimbursement of eligible transportation projects. The HTF is required under current federal law to maintain a positive balance to ensure that prior commitments for distribution of federal revenues can be met. Amounts in the HTF can be affected by the rate of expenditure of money in the fund as well as a number of revenue-impacting factors. Most recently, many states, including the State, have imposed stay at home orders and other policies limiting travel and business operations to combat the spread of the COVID-19 virus, which have greatly impacted fuel sales leading to a significant decrease in revenue in the HTF. See "EFFECTS OF THE COVID-19 PANDEMIC." Two other factors affecting the stability of the HTF are the decline in vehicle miles traveled since 2007 and the trend toward more fuel-efficient vehicles, both of which impact revenue from gasoline and diesel sales. See "RECENT DEVELOPMENTS" in the forepart of this Official Statement and "PLEDGED REVENUES – Impact of Increased Revenues Under Keep Oregon Moving – Fuel Tax Revenues – *Road Usage Charge Program*" for more information on programs in the State aimed at reducing greenhouse gas emissions.

The FAHP operates in a distinct budgetary model under which funding levels (contract authority or apportionments) are authorized pursuant to the surface transportation authorization act (currently the FAST Act) and actual dollars for a particular federal fiscal year ("FFY") (known as obligation authority or limitation) are made available in the annual appropriations bill. Due to this budgetary authority, most Federal Transportation Programs that are funded from the HTF (including both highway and transit programs) are generally exempt from the provisions of the Budget Control Act of 2011, including the cap on non-security discretionary spending and sequestration.

The FAST Act authorized federal surface transportation programs through FFY 2020. There can be no assurances as to the outcome of the funding of federal transportation programs beyond September 30, 2020. Although Congress has initiated legislation to authorize funding for federal transportation programs, the Department cannot predict if and when such legislation will be adopted and whether there will be a temporary extension of the existing FAST Act authorization or a new multiyear legislation package. For more information about uncertainties in federal funding, see "– Investment Considerations – *Federal Funding Uncertainty*" below.

Federal Funding

A significant amount of funding for State highway purposes has historically been provided to the Department by the federal government. Federal highway funds are derived from fuel taxes and highway-user fees and are allocated by Congress to the states under federal transportation statutes enacted from time to time and annual appropriation bills. Federal funds are available only for reimbursement of expenditures on approved projects. Federal aid is not available for routine maintenance, administration or other non-project related costs. Numerous factors, such as changes in the State or national economy, federal budget and policy changes, and other considerations, have had, and may continue to have, significant effect on the finances and operations of the State and the Department and no assurance can be given that further impacts will not occur. For more information about uncertainties in federal funding, see "– Investment Considerations –*Federal Funding Uncertainty*" below.

In FFY 2019, the Department received approximately $488 million in federal aid highway formula funding. Each year, ODOT makes a concerted effort to maximize federal aid reimbursements up to its entire allotment of obligation limitation from the federal Highway Trust Fund. ODOT has used its entire amount of federal funding for every federal fiscal year on record, dating back to 1992. Additionally, ODOT has been continually rewarded by FHWA with additional funding through the annual August redistribution - a process whereby unused obligation limitation from elsewhere in the nationwide federal program is given to states that have demonstrated the ability to successfully program and spend federal aid highway funding. In FFY 2020, the Department anticipates receiving approximately $500 million in federal aid highway formula funding. This federal aid highway funding, which is used primarily for the Highway Division, is supplemented with lesser amounts from other federal programs for Transportation Safety Division, Motor Carrier Transportation Division, Rail and Public Transit Divisions and other programs. Federal funds received by the Department are not included in Pledged Revenues.

In connection with work in 2013 – 2014 on a potential Interstate 5 bridge improvement project between Oregon and Washington over the Columbia River, formerly known as the Columbia River Crossing Project and now referred to as the Interstate Bridge Replacement Project (the "IBR Project"), ODOT expended approximately $105 million, of which approximately $12 million was from State funds and approximately $93 million was from Federal funds. The Department ceased work on the IBR Project in May 2014. In connection with the ongoing project discussion referenced below, FHWA has granted Oregon an extension of the requirement to repay Federal funds related to the IBR Project until September 30, 2024.

On August 16, 2019, the OTC approved $9 million in Federal funds in connection with plans for the IBR Project. Earlier in 2019, the State of Washington committed $35 million over two years to the IBR Project. The funds approved by the OTC will be used to evaluate the status of past environmental assessments and assess the next steps in the IBR Project. Legislators from both Oregon and Washington have been appointed to serve on a Joint Oregon-Washington Legislative Action Committee to discuss efforts to restart the bridge project. In June 2020, ODOT and the Washington State Department of Transportation ("WSDOT") hired Greg Johnson as the Interstate Bridge Replacement Program Administrator. Johnson will jointly represent both ODOT and WSDOT to lead program development efforts to replace the bridge.

Sequestration of Build America Bonds Subsidy Payments

The Department previously issued and designated $544,675,000 aggregate principal amount of Subordinate Lien Bonds as Taxable Build America Bonds (the "ODOT Build America Bonds") under the federal American Recovery and Reinvestment Act of 2009. Subject to sequestration described in the following paragraph, the Department expects to receive cash subsidy payments (defined in the Declaration as "Subsidy Payments" and "Subordinate Lien Subsidy Payments") from the United States Treasury equal to 35 percent of interest payable on all such outstanding ODOT Build America Bonds. Pursuant to the Declaration, the Subsidy Payments are included in Pledged Revenues, except that Subordinate Lien Subsidy Payments are excluded from Pledged Revenues for the purposes of complying with the requirements of the Declaration for issuing Additional Subordinate Lien Obligations. Pursuant to the Declaration, the Department computes Annual Subordinate Debt Service on any Series of Subordinate Lien Obligations by subtracting from Annual Subordinate Debt Service the related Subordinate Lien Subsidy Payments in the years in which such Subordinate Lien Subsidy Payments are scheduled or expected to be received. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION—MASTER DECLARATION—Issuance of Additional Subordinate Lien Obligations."

The Budget Control Act of 2011 (the "Budget Control Act") provided for increases in the federal debt limit and established procedures designed to reduce the federal budget deficit. The Budget Control Act provided that a failure by Congress to otherwise reduce the deficit would result in sequestration: automatic, generally across-the-board spending reductions. Since sequestration took effect on March 1, 2013, the Department has received reduced Subsidy Payments for the ODOT Build America Bonds. Under current law, Subsidy Payments are subject to sequestration through federal fiscal year 2029 unless Congress takes action to modify or eliminate the sequester. For purposes of projecting revenues and budgetary matters, interest on outstanding ODOT Build America Bonds is included without deduction of the federal interest subsidy.

The State and the Department cannot predict when or whether new federal legislation may be enacted providing funding or authorization for the ODOT Build America Bonds subsidy payments or other federal transportation programs, or that if enacted, whether any such legislation would be signed into law by the president.

Investment Considerations

Federal Funding Uncertainty. As discussed above, a significant amount of funding for State highway purposes has historically been provided by the federal government. Numerous factors, such as changes in the state or national economy, federal budget and policy changes, and other considerations, have had, and may continue to have, significant effect on the finances and operations of the State and the Department and no assurance can be given that further impacts will not occur. Federal statutory and regulatory changes, administrative rulings, interpretations of policy, determinations by fiscal intermediaries and funding restrictions, whether taken as part of federal budgetary actions, including the series of automatic federal deficit resolution spending cuts commonly known as sequestration, or otherwise, may reduce funds available for, or increase costs of, State programs including those operated by the Department. At the same time, the federal government may maintain or increase the responsibilities of the State and the Department in certain areas, notwithstanding lower federal funding for such activities. The State and the Department cannot predict the occurrence of such economic or federal government changes or the potential effect on the finances and operations of the State or the Department and its revenues until the extent and duration of such changes are known.

The State and the Department cannot predict when or whether federal legislation may be enacted, and no assurance can be given that Congress will enact new legislation providing funding and/or authorization for federal transportation programs, or that if enacted, any such legislation would be signed into law by the President. Although Congress and the President have taken action in the past to maintain the funding for federal transportation programs, no assurance can be given that such actions would or could be taken in the future to maintain the authorization of and funding for federal transportation programs in the future.

Economic Uncertainty. Economic conditions have had, and continue to have, significant effects on the finances and operations of the State, the Department and its Pledged Revenues. As a result of the COVID-19 pandemic and related restrictions on travel and business activities across the State, traffic volumes have decreased, as described in more detail in ODOT's current revenue forecast. Further, DMV transaction volumes were significantly impacted by office closures from mid-March through May 2020. In total, the Department's current forecast estimates the loss in revenue due to the current recession to be about $170 million over the 2019-2021 biennium, and because the recovery is forecast to extend into the mid 2020's, the related impact is forecast to extend as well. See APPENDIX C— "OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST." No assurance can be given that further impacts will not occur, especially given the evolving nature of the COVID-19 pandemic and its impacts. For a discussion of the current effects of the COVID-19 pandemic on the Department, see "EFFECTS OF THE COVID-19 PANDEMIC" in the forepart of this Official Statement.

Seismic Activity. The State is located in an area of seismic activity along the Pacific coast. The scientific consensus is that the State and the Pacific Northwest region is subject to periodic great earthquakes along the Cascadia Subduction Zone, a large fault that runs offshore from Northern California to British Columbia. Geologists are predicting the Pacific Northwest is due for a major earthquake magnitude (8.7 to 9.1). Such an earthquake would cause widespread damage to structures and infrastructure in western Oregon, and total damage in coastal areas inundated by a possible accompanying tsunami. It is likely the infrastructure damage would be sufficient to disrupt transportation, communication, water and sewer systems, power and gas delivery and fuel supplies for weeks to months for much of Western Oregon. This kind of regional disaster is unprecedented and is likely to result in material disruptions to the transportation system of the State and the Department, and could have significant effects on the finances and operations of the State, the Department and Pledged Revenues. Other natural disasters occur occasionally, including wildfires, volcanic eruptions, mudslides and wind storms but with less damage that is more localized than is predicted to occur from a major earthquake.

Cybersecurity. The State operates a large and complex technology infrastructure to conduct its operations. The quickly changing cybersecurity threat landscape presents increasing risk to the integrity and confidentiality of information that the State receives and holds.

The State has adopted the National Institute of Standards and Technology ("NIST") Cybersecurity Framework as a defining roadmap for reducing or mitigating the risk of impact and/or damage from cybersecurity incidents. The Office of the State Chief Information Officer ("OSCIO"), which is responsible for all State Information Technology ("IT") and computer systems, has established Statewide Information Security Standards for information systems security. The Statewide Information Security Standards and recommended best practices have been developed using a combination of international and national standards, including the NIST Cybersecurity Framework. These standards promote the development, implementation, and operation of secure information systems by establishing minimum levels of due diligence for information security. All State executive branch employees are required to take annual information security training.

The OSCIO directs Information Security strategies and policies statewide. In August 2018, the State adopted a Statewide Information Security Plan in order to apply relevant safeguards to State agencies and State information, IT Systems, networks, and applications. Compliance with this information security plan and statewide policies and standards is mandatory.

The Enterprise Security Office (ESO), as part of the OSCIO, has authority and responsibility for the statewide incident response program, as well as dissemination of security training, policy, and best practices across the State. The ESO has developed an Incident Response Plan to guide response to information security incidents. The Incident Response Plan describes how resources are to be brought together to respond to an information security incident and was written in close coordination with the Office of Emergency Management and the Emergency Response Council. The Plan adopts National Incident Management System and Incident Command Systems methodology and terminology wherever possible and is designed to fit within existing emergency response practices. Pursuant to this Incident Response Plan, the State Incident Response Team (SIRT) responds to information security incidents that potentially impact multiple agencies or which pose a significant threat to the State. The SIRT is responsible for coordinating interagency security incident response resources and communications during or about an information security incident that impact multiple agencies. To test the incident response plan and verify SIRT's ability to execute, information security incident exercises are planned and conducted as necessary, depending upon the then-level of recent SIRT activity.

Enterprise security governance is being modified as a result of the Chapter 513, Oregon Laws 2019, which unified information technology security functions under the authority of the State CIO. In the next biennium, major cybersecurity initiatives that address findings of federal and state audits and cybersecurity risk assessments will be coordinated through the Enterprise Leadership Team, which provides strategic direction for the executive agencies of the State. Agencies with elected leadership (Secretary of State, Treasury and Attorney General), the Legislature and Judiciary are coordinated with in the implementation of cybersecurity initiatives to maximize the protection of critical State systems and data from a common threat.

In 2019, the first phase of ODOT's Driver and Motor Vehicle system ("OLIVR") modernization went live. This project is a ten year $90 million effort to update the DMV system from its 1960's architecture to meet modern security and customer needs. The OLIVR web application was developed using built-in security, secure-by-design, and best-of-breed defensive programming practices. Combined with a secure computing environment, the overall system is resilient to known attack patterns and attacks launched using known automated attack tool kits. OLIVR is compliant with IRS Publication 1075 and other NIST controls which correspond to IRS Publication 1075 and strictly follows Oregon Statewide Information Security Standards.

Despite the implementation of these cybersecurity plans and procedures, no assurances can be given by the State that such measures will ensure against all potential cybersecurity threats and attacks and accompanying disruptions and costs.

STATE TRANSPORTATION FINANCING PROGRAMS AND INITIATIVES

Highway User Tax Revenue Bonds

The Legislative Assembly authorized the Department to request the State Treasurer to issue and sell revenue bonds known as "Highway User Tax Revenue Bonds" pursuant to the program authority of ORS 367.605 to 367.665. Proceeds from the sale of Highway User Tax Revenue Bonds are declared to be for the purpose of building and maintaining permanent public roads and may be used, among other things, to finance the cost of state highway, county road and city street projects in the State, to pay the costs of issuing the bonds, for loans to cities and counties as provided by Oregon law, to pay debt service on the bonds, and to pay the costs of the State Treasurer and the Department to administer and maintain the bonds and the Highway User Tax Bond program.

The Legislative Assembly has authorized Highway User Tax Revenue Bonds to be issued under the Transportation Finance Act, as described in the following table:

TABLE A-1*
TRANSPORTATION FINANCE ACT AND HIGHWAY USER TAX REVENUE BONDS

Bond Act	Years Enacted	Net Proceeds Authorized	Net Proceeds Issued	Projects/Purposes
Oregon Transportation Investment Act I, II and III	2001, 2002, 2003	$2.4 billion	$2.4 billion	Modernization, Preservation, Replacement and Repair of State, county and city highways and bridges
Jobs and Transportation Act	2009	$840 million	$840 million	Specified highway improvement projects
Keep Oregon Moving[(1)]	2017	$480 million	______	Modernization and Preservation

* *Preliminary; subject to change.*
(1) The 2020A Subordinate Lien Bonds are the first series of bonds to be issued to finance projects authorized under Keep Oregon Moving and are expected to generate approximately $240 million in net proceeds authorized under Keep Oregon Moving.

Keep Oregon Moving

Keep Oregon Moving authorizes the issuance of additional Highway User Tax Revenue Bonds, in an aggregate principal amount sufficient to produce net proceeds of not more than $480 million. The provisions authorizing new bonds became operative on January 1, 2020. The proceeds of Highway User Tax Revenue Bonds authorized by Keep Oregon Moving are designated to finance projects in regions across the State. The Department is authorized to use amounts produced by certain of the increases in taxes and fees under Keep Oregon Moving to pay debt service on Highway User Tax Revenue Bonds. See "KEEP OREGON MOVING" in the forepart of this Official Statement and "—Impact of Increased Revenues under Keep Oregon Moving" below, for further discussion of provisions of Keep Oregon Moving that affect Pledged Revenues and the Highway User Tax Revenue Bond program. The 2020A Subordinate Lien Bonds are the first series of bonds to be issued to finance projects authorized under Keep Oregon Moving.

Keep Oregon Moving also anticipates the issuance of and provides for the payment of debt service on bonds to finance the Interstate 5 Rose Quarter Project, although such bonds were not authorized for the current biennium. See "PLEDGED REVENUES—Keep Oregon Moving Allocation" for additional discussion of the Interstate 5 Rose Quarter Project.

DEPARTMENT FINANCES

General

Under State law, the Department is responsible for maintaining its own books and accounts, and is subject to audit by the Oregon Secretary of State. The State and the Department do not prepare audited financial statements for the Department as a separate entity. Accordingly, audited financial statements are not included in this Official Statement nor are they expected to be available in the future. Although the audited financial statements are not prepared for the Department as a separate entity, the Oregon Division of Audits of the Office of the Secretary of State (the "Audits Division") annually performs audit work related to selected financial accounts of the Department as part of the State's annual financial audit in accordance with applicable accounting standards.

The Department prepares an unaudited Annual Financial Report (the "Report") for each fiscal year ending June 30. The Report for the fiscal year ending June 30, 2019 is attached as Appendix B to this Official Statement.

The Department's resources are allocated to and accounted for in individual funds, based upon the purposes for which they are authorized to be spent. Special revenue funds are established to account for taxes, licenses, and other revenues allocated by law to specific purposes. Revenues allocated to the special revenue funds are collected by the Department and deposited in the State Treasury in the Department's account.

A summary of the Department's net revenues, total expenditures and changes in fund balances for the past five fiscal years is included as Table A-2. The Report and the data presented in Table A-2 reflect the operations of the entire Department and are not limited to either the State Highway Fund or the Pledged Revenues. The terminology and data presented in Table A-2, including but not limited to terms such as "Net Revenues," are derived from the Report and differ in certain respects from the terminology used elsewhere in this Official Statement.

TABLE A-2
OREGON DEPARTMENT OF TRANSPORTATION
NET REVENUES, TOTAL EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
(UNAUDITED)[1]

	Fiscal Year Ending 6/30/15	Fiscal Year Ending 6/30/16	Fiscal Year Ending 6/30/17	Fiscal Year Ending 6/30/18	Fiscal Year Ending 6/30/19
Revenues:					
Motor Fuels Taxes[2]	$508,902,698	$532,171,382	$546,574,309	$586,689,979	$631,698,325
Weight-Mile Taxes[2]	285,234,715	291,302,037	297,052,489	332,646,408	388,304,040
Vehicle Taxes[2]	304,470,291	318,586,259	325,010,406	366,849,272	403,577,419
Other Transportation Taxes	45,941,271	46,522,588	48,137,252	49,180,847	50,643,161
General Fund Appropriations[3]	10,108,302	11,563,070	10,493,048	13,393,926	10,058,371
Investment Income	5,326,284	10,776,161	8,492,506	18,513,524	30,161,929
Transfers In–State Agencies[13]	31,287,156	57,438,694	58,106,189	63,225,491	168,505,200
Federal Revenue	453,466,794	524,704,336	532,240,747	525,209,342	643,944,178
Driver's License Fees[2]	41,017,697	44,102,338	37,695,247	36,653,776	36,499,092
Charges for Services[4]	35,118,997	30,885,656	31,902,600	51,764,182	50,643,161
Other Sales Income[5]	10,927,951	10,215,406	11,265,492	13,711,580	10,932,046
Other Revenue	25,037,780	21,500,913	22,111,855	24,511,999	24,113,857
Business License Fees	7,393,045	5,413,005	6,549,420	8,233,116	9,177,968
Facility Lease Revenue	3,854,080	3,981,554	4,446,716	3,806,014	4,075,595
Long-Term Debt Proceeds[6]	61,422,729	20,349,861	510,354,700	20,089,004	38,569,269
Insurance Recovery	1,885,099	1,405,742	1,051,958	1,894,643	1,400,910
Total Gross Revenues	**1,831,394,889**	**1,930,919,002**	**2,451,484,934**	**2,116,373,103**	**2,502,304,521**
Transfers To Cities[7]	(158,041,400)	(164,775,679)	(168,563,914)	(183,039,670)	(210,503,093)
Transfers to Counties[7]	(234,384,864)	(245,771,166)	(249,057,363)	(271,005,159)	(316,465,733)
Transfers to State Agencies	(44,725,728)	(42,693,360)	(47,506,294)	(45,649,490)	(56,284,836)
Other Transfers[8]	(1,225,283)	(1,291,392)	(2,087,162)	(2,098,580)	(2,299,129)
Sub-Total Transfers Out	**(438,377,275)**	**(454,531,597)**	**(467,214,733)**	**(501,792,899)**	**(585,522,791)**
Total Net Revenues	**1,393,017,614**	**1,476,387,405**	**1,984,270,201**	**1,614,580,204**	**1,916,751,730**
Expenditures:					
Personal Services[9]	408,397,413	427,471,395	445,411,083	465,161,967	495,832,169
Services and Supplies	871,488,517	797,613,475	864,160,839	760,733,200	906,173,784
Capital Outlay	44,699,187	28,086,799	44,593,198	19,875,533	38,203,845
Special Payments & Other Expenses and Adjustments[10]	93,814,885	81,796,430	80,346,285	68,837,735	152,769,273
Loan Interest	263,426	234,374	11,425	0	0
Debt Service[11]	249,656,909	263,021,793	276,098,254	276,124,184	267, 585,762
Total Expenditures	**1,668,320,337**	**1,598,224,266**	**1,710,621,084**	**1,590,732,619**	**1,860,564,833**
Total Net Revenues					
Less Total Expenditures	(275,302,723)	(121,836,861)	273,649,117	23,847,585	56,786,897
Beginning Fund Balance	1,043,992,294	774,012,128	648,673,279	923,442,483	946,163,309
Prior Period Adjustments	-	(1,534,080)	237,193	(1,519,840)	(12,558,104)
Changes in Reserve Accounts	5,322,557	(1,967,908)	882,894	393,081	2,738,050
Ending Fund Balance[12]	**$774,012,128**	**$648,673,279**	**$923,442,483**	**$946,163,309**	**$992,530,152**

[Footnotes on following page]

Source: Oregon Department of Transportation

(1) The terminology used in Table A-2, including but not limited to Net Revenues is derived from the Report and therefore differs in certain respects from the terminology used elsewhere in this Official Statement.

(2) Table A-2 presents the gross amount of certain revenue categories that contribute to the Pledged Revenues that secure the Highway User Tax Revenue Bonds of the Department. These revenue categories include certain portions of Motor Fuels Taxes, Weight-Mile Taxes, Vehicle Taxes and Driver's License Fees. The net of amount of these revenues that constitute Pledged Revenues are set out in the forepart of this Official Statement under the Table titled "OREGON DEPARTMENT OF TRANSPORTATION HIGHWAY USER TAX REVENUE BONDS, HISTORICAL PLEDGED REVENUES FOR FISCAL YEARS ENDING JUNE 30, 2018 THROUGH JUNE 30, 2020 AND ESTIMATED PLEDGED REVENUES FOR FISCAL YEARS ENDING JUNE 30, 2021 THROUGH JUNE 30, 2025."

(3) Other General Fund appropriations include funds for the Public Transit Division's Elderly and Individuals with Disabilities Program.

(4) Charges for Services may include revenues from sources internal to the Department.

(5) Includes proceeds from the sale of capital assets.

(6) Includes proceeds of new money and refunding long-term debt obligations issued for the benefit of the Department as: Highway User Tax Revenue Bonds, Certificates of Participation, Article XI-Q General Obligation Bonds or Lottery Revenue Bonds.

(7) City and County transfers includes pass-through revenues.

(8) Includes Intra-fund transfers regarding internal loan activity.

(9) Includes required contributions from the Department to the Oregon Public Employees' Retirement System (as further defined herein, "PERS"), Public Employees' Benefits Board and related employee benefits costs. For the fiscal year ended June 30, 2019, the Department's PERS contribution, which includes both its employer contribution and payment by the Department of the employee contribution, totaled $49.1 million. The Department also includes its required debt service contributions in connection with the State of Oregon pension obligation bonds issued in October 2003 in personal services expenditures. For the fiscal year ended June 30, 2019, the Department contributed $18.6 million for the pension obligation bond debt service assessment. See APPENDIX A2—"STATE OF OREGON PENSION AND OTHER POST RETIREMENT BENEFIT PROGRAMS."

(10) Special payments are payments the Department makes to other governmental jurisdictions (including counties, cities and other State agencies), quasi-public agencies and, in some cases, individuals. The distinguishing characteristic of this type of payment is that the Department does not receive any associated goods or services in exchange for the payment. Special payments include loans, deposits, and grants, as well as the distribution of federal funds and State funds directly to governmental subdivisions, quasi-public agencies and others. Special payments include loans, deposits and grants, as well as the distribution of federal funds and State funds directly to governmental subdivisions, quasi-public agencies and others. Other expenses and adjustments include (1) a one-time Oregon Transportation Infrastructure Bank ("OTIB") bad debt expense due to Cascade Sierra Solutions, Inc. OTIB loan default and subsequent bankruptcy, and (2) an adjustment on the sale of certain capital assets by the Department.

(11) Includes all general fund, State Highway Fund and Lottery fund long-term debt payments. For a more detailed description of ODOT's long-term debt programs see the Report included as Appendix B to this Official Statement.

(12) Totals may not add due to rounding.

(13) The significant increase in in-state transfer revenue in fiscal year 2018-19 is due primarily to the new payroll tax revenue from Keep Oregon Moving implemented on July 1, 2018.

Biennial Budget

Prior to the start of each biennial legislative session, the Department prepares a balanced budget request that is incorporated in the Governor's recommended State budget. After review and possible adjustments, the Legislative Assembly approves all State agency budgets, including the Department's budget. The Department is operating under a biennial budget approved by the Legislative Assembly for the period beginning July 1, 2019 and ending June 30, 2021 (the "2019-2021 biennium"). For the 2019-2021 biennium, the total budget approved by the Legislative Assembly for the Department is $4.5 billion.

The Department has no statutory requirement to maintain a specific fund balance. Balances remaining at the end of a biennium are available, subject to legislative approval, for expenditures in the following biennium. Actual fund balances remaining at the end of a biennium may differ from the approved budget for several reasons, including variations in actual versus projected revenue receipts and project costs and timing of actual project expenditures. The Department may not exceed budgeted expenditure amounts without specific legislative approval.

Differences may exist between financial information for the Department as reported by the State and the Department. These differences are due to factors that include timing, materiality and basis of presentation.

Investment of State Highway Funds

The State Highway Fund is established under ORS 366.505 as a trust fund in the State Treasury, separate and distinct from the State's General Fund. The State Highway Fund may be used for the purposes authorized by the Oregon Constitution, and all moneys in the State Highway Fund are continuously appropriated for such purposes. The Department may establish accounts and subaccounts within the State Highway Fund when it determines that accounts or subaccounts are needed or desirable. The Department maintains an account within the State Highway Fund to provide for the payment of debt service upon Highway User Tax Revenue Bonds (the "Debt Service Account").

The State Treasurer is responsible for investing moneys of the State Highway Fund, which includes the Debt Service Account described above. Pursuant to the Declaration, the proceeds of any Senior Lien Bonds, Subordinate Lien Obligations or Second Subordinate Lien Obligations and moneys in the Debt Service Account are invested in accordance with ORS 293.721 and ORS 293.726, which requires that investments be prudent and productive in light of the purposes, terms, distribution requirements and laws governing the moneys being invested.

As of July 31, 2020, the State Highway Fund balance totaled approximately $574.8 million. Moneys from the State Highway Fund are generally divided into two primary investment portfolios: the Oregon Short Term Fund (approximately $421.1 million, plus $71.5 million in funds earmarked for debt service on Highway User Tax Revenue Bonds) and Fixed Income Portfolio investments (approximately $82.2 million).

The investment policy of the Department has been approved by the Oregon Investment Council (the "Council"). The policy is periodically reviewed by the Council and was last approved on June 10, 2014. The current investment policy guidelines used by the State Treasurer relating to the Department's other investments are as follows: (i) all investments must be fixed-income and U.S. dollar-denominated; (ii) securities must be rated at investment grade or higher at the time of purchase (Baa3/BBB- as rated by any Rating Agencies (see "RATINGS" in the forepart of the Official Statement); and (iii) no more than five percent of the monies may generally be invested in any single issuer (excluding U.S. Government and Agency obligations including Agency backed mortgages) unless approved by the Department. There can be no assurance that these investment policy guidelines will not be changed in the future.

ODOT Revenue Forecast

The Department typically publishes semiannual revenue forecasts to assist budget and financial planners and policy-makers in formulating budgets and other decision-making activities. The Department's revenue forecast is prepared using data from the most recent economic and revenue forecast that is required by Oregon law to be prepared on a quarterly basis (the "State Economic Forecast") by the State's Department of Administrative Services Office of Economic Analysis ("OEA"), and using the same macroeconomic forecast from IHS Markit, Inc. that is used by OEA for the State Economic Forecast. See "—ODOT Revenue Forecast Methodology" and "—State Economic Forecast Methodology" below. ODOT's July 2020 Revenue Forecast, released July 13, 2020 (the "ODOT July 2020 Forecast") was prepared consistent with the State's Economic and Revenue Forecast, released by OEA May 20, 2020 (the "State June 2020 Forecast"). The ODOT July 2020 Forecast is an update to ODOT's April 2020 Revenue Forecast, and was prepared to assess and update the impact of the COVID-19 pandemic on the Department's operations given the rapidly evolving nature of the COVID-19 pandemic on the State and national economy. The ODOT July 2020 Forecast updates the primary models that generate its revenue forecasts. In calendar year 2020, the Department expects to release another revenue forecast in October, which will reflect updates to all of the Department's models as well as the State's most recent economic and revenue forecast. In calendar year 2021, the Department expects to release its revenue forecasts in April and October. See "SECURITY AND SOURCES OF PAYMENT – Historic and Estimated Pledged Revenues."

ODOT Revenue Forecast Methodology

ODOT's highway revenues are forecast primarily using econometric models, a forecasting approach that is similar to that employed by OEA in producing the State Economic Forecast, which is described below. The Highway User Tax portion of the ODOT revenue forecast model is comprised of four independent modules: motor fuels, motor carrier (heavy truck activities), drivers/vehicles, and out of state new vehicles sales to Oregon residents (use tax). These four modules roughly correspond to each of the four revenue categories that make up Pledged Revenues: Motor Carrier Revenues, Fuel Tax Revenues, DMV Revenues, and Use Tax Revenues. ODOT's revenue forecast includes projections of quantities of motor fuels in gallons, weight-mile receipts normalized on mileage tax rates for heavy vehicles, transactions related to numerous licensing, registration, titling and regulatory functions, and sales of out of state vehicles to Oregon residents, which projections are based on certain assumptions set out in the forecast. See APPENDIX C— "OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST."

There are five primary phases involved in developing ODOT's revenue forecast. First, the empirical equations are selectively evaluated for forecast accuracy and updated with new historical data. The estimates in the ODOT model are conditioned on State economic and demographic data and economic data at the national level. Second, the model is solved using the State Economic Forecast under its baseline assumptions, coupled with the national baseline forecasts of IHS Markit, Inc. Third, the forecast quantities and transactions are then combined with tax rates and fee schedules under current law to generate forecast revenues. These are gross revenues before allowance is made for expenses such as collection costs and before program transfers. The fourth phase uses ODOT budget data for collection cost, program transfers, and general and administrative costs to develop forecasts of net revenues. The final phase in developing the forecast applies apportionment formulas under State law to allocate net revenues to cities and counties and to the State Highway Fund.

State Economic Forecast Methodology

Oregon law requires the State's Department of Administrative Services ("DAS") to prepare the State Economic Forecast for each calendar quarter and also requires DAS to set forth the methodology and assumptions used to develop each quarterly revenue forecast. Currently, the State uses an export based economic model to forecast the Oregon economy and personal and corporate income taxes. The system receives new data each quarter, with revisions to the model as necessary. The economic model has two major parts: (1) a State economic model that estimates employment, wages and personal income; and (2) a revenue forecasting system based on the economic model, for use in estimating personal and corporate income taxes. Since more than 80 percent of the State's revenue is derived from these two taxes, most of the State's revenues are included in the modeling process. In developing the State Economic Forecast, the State uses forecasts prepared by IHS Markit, Inc., including national baseline forecasts to develop projections for the Oregon economy and forecasts of national corporate profits to forecast corporate tax liability in Oregon.

ODOT July 2020 Forecast

The ODOT July 2020 Forecast projects gross revenues for the State Highway Fund through fiscal year 2029. Despite the tax and fee increases implemented in fiscal year 2020, the ODOT July 2020 Forecast shows a noticeable decrease in revenue due to the impacts of the COVID-19 pandemic. According to the ODOT July 2020 Forecast, revenues are projected to rebound in fiscal year 2021 as the expected duration of the virus impact is felt most acutely in fiscal year 2020, with expected growth through fiscal year 2025 as Keep Oregon Moving is fully implemented and the economy recovers.

Beyond 2025, the ODOT July 2020 Forecast indicates that revenue growth is expected to stagnate as economic and demographic growth slows and fuel demand declines. Overall, the ODOT July 2020 Forecast projects total gross revenues to grow at an average annual rate of 2.1 percent between fiscal years 2020 and 2025. For the historical period spanning fiscal years 2004 through 2019, gross revenues grew at an annual rate of 4.0 percent. This reflected revenue enhancements emanating from the Transportation Finance Act funding initiatives.

The revenue estimates with respect to Motor Carrier Revenues, Fuel Tax Revenues and DMV Revenues, including the revenue increases approved under Keep Oregon Moving, in Tables 2 and 4 in the forepart of this Official Statement, are based upon collections, costs, transfers and set asides forecast by the Department in its ODOT July 2020 Forecast. The information presented in Tables 2 and 4 in the forepart of this Official Statement covers a portion of the forecast period presented in the ODOT July 2020 Forecast. The ODOT July 2020 Forecast presentation of actual and estimated data differs from the presentation of historical information provided in Table A-2, as described in footnote 2 to that table, in this Appendix A and in the Annual Financial Report for Fiscal Year Ended June 30, 2019 included as Appendix B.

The Department will continue to monitor developments in the State economic outlook and in transportation revenue streams. If events warrant, and the Department determines that there has been a material change in its revenue outlook going forward, ODOT may prepare an interim revenue forecast, using data from subsequent State Economic Forecasts. The Department's July 2020 Revenue Forecast uses data from the State June 2020 Forecast.

The historical financial information and operating data set forth in the ODOT July 2020 Forecast for the dates as of and for the periods that occurred before the COVID-19 pandemic and the measures instituted to control such pandemic may not be indicative of future results or performance due to these and other factors. For a description of the Department's ongoing response to COVID-19 and related financial and operating effects on the Department, see "EFFECTS OF THE COVID-19 PANDEMIC."

The projections set forth in the ODOT July 2020 Forecast represent the Department's forecast of future results as of the date of preparation based on information then available to the Department as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the Department. No assurance can be given that the future results discussed therein will be achieved, and actual results may differ materially from the forecasts described therein. In this respect, the words "estimate," "project," "forecast," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements.

The prospective financial information contained in the ODOT July 2020 Forecast was not prepared with a view toward compliance with published guidelines of the United States Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

PLEDGED REVENUES

Revenue Categories

Pursuant to the Act and the Master Declaration, the Pledged Revenues consist of four revenue categories: Motor Carrier Revenues, Fuel Tax Revenues, DMV Revenues and Use Tax Revenues. The revenues that contribute to Pledged Revenues are reduced by (a) Statutory Reductions, which consist of Administrative Expenses and Operating Transfers, and (b) Revenue Sharing Transfers and Program Set

Asides. See "SECURITY AND SOURCES OF PAYMENT" in the forepart of this Official Statement and "—Statutory Reductions" and "—Revenue Sharing Transfers and Program Set Asides" below for descriptions of these reductions to revenues.

The Legislative Assembly has in the past, and may in the future, change or rescind the method of assessing or imposing any or all of the Pledged Revenues (Fuel Tax Revenues, Motor Carrier Revenues, DMV Revenues and Use Tax Revenues) or the apportionment of State Highway Fund revenues among counties, cities and the Department. The authority of the Legislative Assembly to make such changes is subject to the requirements of the Oregon Constitution that revenues received from taxes and fees levied on the ownership, operation or use of motor vehicles, including commercial vehicles, and taxes levied on fuels must be used exclusively for public highways, roads, streets and roadside rest areas in the State, including the retirement of bonds issued for such purposes. The Legislative Assembly may also, through its budgetary approval process for the Department, change the amount of revenues that become Pledged Revenues by changing the amount of revenues that are deposited in the State Highway Fund and by changing what may be deducted from revenues before they become Pledged Revenues under the Declaration. The Master Declaration provides that the Pledged Revenues consist of the sources of revenue that the laws as in effect from time to time permit to be used to pay and secure the Senior Lien Bonds, Subordinate Lien Obligations or any Second Subordinate Lien Obligations. See "SECURITY AND SOURCES OF PAYMENT—Future Actions of the Oregon Legislative Assembly." The Act and the Declaration, however, require the State to provide for the continued assessment, levy, collection and deposit to the State Highway Fund of amounts that constitute Pledged Revenues and are sufficient to pay when due the annual debt service on Highway User Tax Revenue Bonds, including the Senior Lien Bonds and the Subordinate Lien Obligations.

Impact of Increased Revenues under Keep Oregon Moving

As described in the forepart of this Official Statement, Keep Oregon Moving authorizes increases in Motor Carrier Revenues, Fuel Tax Revenues and DMV Revenues; it creates several new sources of revenues, including the New KOM Revenues that are pledged to secure and pay Highway User Tax Revenue Bonds; and it increases certain Standing Revenue Sharing Transfers (as defined below) to counties and cities and adds new Program Set Asides (as defined below). These changes in revenues took effect beginning on or after January 1, 2018 with additional increases that took effect on January 1, 2020 and are adjusted periodically through to January 1, 2024. See "”KEEP OREGON MOVING – Increases to Pledged Revenues" in the forepart of this Official Statement.

Through its first 10 years, Keep Oregon Moving is currently projected to generate approximately $4.8 billion in new revenues. Of that figure, $3.7 billion is expected to be included as Pledged Revenues (of which approximately $328 million is attributable to increases in fuel taxes that are contingent upon certain conditions as described below), and $1.4 billion is expected from other fees and taxes to be implemented as part of Keep Oregon Moving. The increases in revenues are allocated by formula to ODOT, cities and counties and for specified projects, including annual allocations prior to the state-local split of $10 million annually to a new Safe Routes for Schools program, increasing to $15 million in 2023 and $30 million annually to support the financing of the Interstate 5 Rose Quarter Project beginning in 2022.

The table below provides an estimate of future increases in highway fund taxes and fees under Keep Oregon Moving. The gross amount to be deposited to the State Highway Fund from the new and increased revenues authorized under Keep Oregon Moving is estimated to range from $224.5 million in the fiscal year ending June 30, 2019 to $489.0 million by the fiscal year ending June 30, 2025 when Keep Oregon Moving is fully implemented. The actual amounts deposited in the State Highway Fund from the revenues authorized under Keep Oregon Moving in fiscal years ending June 30, 2019 and June 30, 2020 were $224.5 million and $249.4 million, respectively. **However, not all of the revenues generated**

from Keep Oregon Moving constitute Pledged Revenues that secure Highway User Tax Bonds. The revenue estimates set forth in Table A-3 below include revenues that the Department is required to allocate to counties, cities and designated projects and funds as prescribed by Oregon law, including provisions of Keep Oregon Moving, and such revenues are excluded from Pledged Revenues. Unlike Tables 2 and 4 in the forepart of the Official Statement, the revenue estimates included in Table A-3 assume that conditional increases in Fuel Tax Revenues, which are contingent upon the Department, the Commission and local governments meeting certain accountability requirements, occur on January 1, 2022 and January 1, 2024. For more information on such contingent increases, see "KEEP OREGON MOVING – Increases to Pledged Revenues" in the forepart of this Official Statement.

The historical financial information and operating data set forth in Table A-3 for the dates as of and for the periods that occurred before the COVID-19 pandemic and the measures instituted to control such pandemic may not be indicative of future results or performance due to these and other factors. For a description of the Department's ongoing response to COVID-19 and related financial and operating effects on the Department, see "EFFECTS OF THE COVID-19 PANDEMIC" and APPENDIX C—"OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST."

The projections set forth in Table A-3 represent the Department's forecast of future results as of the date of preparation based on information then available to the Department as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the Department. No assurance can be given that the future results discussed therein will be achieved, and actual results may differ materially from the forecasts described therein. In this respect, the words "estimate," "project," "forecast," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements.

TABLE A-3
PRELIMINARY ESTIMATED FISCAL YEAR REVENUE INCREASES ATTRIBUTABLE TO KEEP OREGON MOVING*
($ MILLIONS)

Revenue Category	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Motor Carrier Revenues	$34.6	$75.8	$85.4	$ 91.9	$112.8	$135.8	$148.9	$164.3
Fuel Tax Revenues [(1)]	35.4	74.0	83.3	107.8	128.3	147.5	164.9	183.6
DMV Revenues	38.5	74.7	84.5	123.7	126.0	135.5	138.6	141.2

Source: Oregon Department of Transportation

* Includes revenues that **are not pledged** to secure Highway User Tax Revenue Bonds. Revenue data beginning in FY 2018 through FY 2025 represent the yearly incremental increase from Keep Oregon Moving, presented as preliminary revenue increases in FY 2018 and estimated increases in FYs 2019 – 2025.

(1) Presented as increases in Fuel Tax Revenues. The additional increases in FY 2020-2025 assume that certain contingent per gallon increases become effective in FYs 2022 and 2024. The State and the Department cannot predict whether such contingencies will occur. In the event that the conditions for future Fuel Tax Revenue increases are not satisfied, the Department would be required under the Constitutional Cost Responsibility provision, described below, to evaluate and possibly roll back all or a portion of the corresponding incremental increases of Motor Carrier Revenues to ensure fairness and proportionality.

Motor Carrier Revenues

Motor Carrier Revenues include amounts collected under the weight-mile tax under ORS 825.474 and ORS 825.476, the flat fee form of weight-mile tax collected under ORS 825.480, road use assessment fees collected under ORS 818.225[1], heavy truck registration and various other permit fees. The weight-mile tax is a specific State tax based upon the distance traveled and the declared combined weight of motor vehicles subject to the tax. This tax is imposed upon most commercial vehicles operated by motor carriers using the public highways of the State with declared combined weights in excess of 26,000 pounds. The flat fee form of payment of the weight-mile tax is available only to motor carriers of certain commodities. Road use assessment fees constitute an alternative form of highway use taxation charged to heavy haul vehicle combinations in excess of 98,000 pounds or greater for certain load permits.

There are approximately 29,494 motor carrier firms with approximately 464,056 trucks registered to operate in Oregon that are subject to the weight-mile tax. Vehicles in the range between 26,001 and 80,000 pounds are assessed the weight-mile tax based on weight and miles only, whereas vehicles weighing in excess of 80,000 pounds are required to obtain single-trip or continuous annual variance permits and are assessed at weight-mile tax rates that are adjusted to reflect the number of vehicle axles.

Motor carriers are required to report and to pay Oregon weight-mile taxes on a monthly, quarterly or annual basis. Most motor carriers are required to file reports on either a monthly or quarterly basis and make payments to the Department on or before the last day of each month for any weight-mile taxes due for the prior calendar month or on or before the last day of the second calendar month following the end of each calendar quarter in which the taxes were incurred, respectively.

For certain motor carriers with small tax liabilities and vehicles weighing less than 30,000 pounds, the Department may authorize the filing of annual reports and payments, which are due by each February 28 for the preceding calendar year. Reports and other supporting records filed and maintained by motor carriers are subject to audit by the Department at least every three years.

Commercially operated heavy vehicles pay registration fees in 2,000-pound increments for weights between 8,000 and 105,500 pounds. Fees must be paid in advance of receiving registration privileges but may be paid quarterly or annually.

Instead of paying the weight mile tax on a mileage basis, motor carriers of certain commodities such as logs, gravel or wood chips and some farm vehicles may, under ORS 825.480, pay the tax on a flat rate basis. These motor carriers are eligible to pay an annual fee, which may be paid in monthly installments.

Road use assessment fees collected under ORS 818.225 constitute the form of highway use taxation charged to motor carriers operating heavy haul vehicle combinations in excess of 98,000 pounds or greater. Empty back haul miles are generally subject to the weight-mile tax and are taxed at the rate established for vehicles weighing 80,000 pounds. However, some unloaded vehicle combinations are heavy enough to require their own road use assessment fee permit. In 2019, there were approximately 3.7 million miles of travel subject to the road use assessment fees.

The Department participates in the International Registration Plan and the International Fuel Tax Agreement, which are multi-jurisdictional agreements pursuant to which the Department collects and remits payments to other jurisdictions and receives payments from other jurisdictions.

Constitutional Cost Responsibility. Article IX, Section 3a of the Oregon Constitution requires that the share of revenues paid for the use of light vehicles, including cars, and the share of revenues paid for the use of heavy vehicles, including trucks, be fair and proportionate to the costs incurred for the

[1] Pursuant to ORS 367.605 and the Master Declaration, the Department has pledged the road use assessment fees collected under ORS 818.225, including the increase attributable to OTIA III. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION—MASTER DECLARATION—Security."

highway system because of each class of vehicle and that the Legislative Assembly provide for a biennial review and, if necessary, adjustment of revenue sources to ensure fairness and proportionality (hereinafter referred to as "Constitutional Cost Responsibility"). The process of review and adjustment begins with the Highway Cost Allocation Study (the "HCAS"), which DAS conducts every biennium. The HCAS allocates highway cost responsibility between light vehicles (those weighing 10,000 pounds or less) and heavy vehicles for the purpose of adjusting weight mile tax rates to reflect this cost responsibility between vehicle classes. The data and findings set out in the HCAS for the 2019-2021 biennium are expected to inform future transportation policy considerations and actions by the Legislative Assembly during its sessions in the 2019-2021 biennium.

For the 2019-2021 biennium, light vehicle revenues are expected to contribute approximately 66 percent of State highway user revenues, and full-fee paying heavy vehicles, as a group, will contribute 34 percent of State highway user revenues.

Keep Oregon Moving. Keep Oregon Moving provides for incremental increases in Motor Carrier Revenues including an increase in road use assessment fees collected under ORS 818.225, an increase in the weight-mile tax under ORS 825.476 and an increase in the flat fee form of weight-mile tax collected under ORS 825.480. All three increases took effect on January 1, 2018, and increased again on January 1, 2020. Additional incremental increases are scheduled under statute to take effect on January 1, 2022 and January 1, 2024. In the event that the conditions for future Fuel Tax Revenue increases are not satisfied, the Department would be required under the Constitutional Cost Responsibility provision to evaluate and possibly roll back all or a portion of the corresponding incremental increases of Motor Carrier Revenues to ensure fairness and proportionality. See discussion above "KEEP OREGON MOVING – Increases to Pledged Revenues" in the forepart of this Official Statement for additional discussion.

Forecast of Motor Carrier Revenues. In the ODOT July 2020 Forecast, Motor Carrier Revenues are estimated by the Department to range from approximately $443 million per year to $504 million per year in the fiscal years ending June 30, 2020 through June 30, 2025. The Department estimates that approximately 90 percent of such revenues will be derived from the weight-mile tax. See APPENDIX C—"OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST," for a more detailed discussion of the revenue forecast for Motor Carrier Revenues.

Fuel Tax Revenues

Fuel Tax Revenues include motor vehicle fuel taxes collected on the sale and use of gasoline and other fuels used to propel motor vehicles on the public roads and highways of the State under ORS 319.020 and ORS 319.530.

The motor vehicle fuel tax is a State tax imposed on the first sale, use or distribution of gasoline used to propel motor vehicles on the highways of the State. Under ORS 319.030, dealers (which include importers of motor vehicle fuels into the State and producers of motor vehicle fuels in the State) are required to be licensed. On or before the 25th of each calendar month, dealers are required under Oregon law to file monthly statements with the Department and to pay tax on the amount of motor vehicle fuel sold, used or distributed in the preceding calendar month. There are approximately 160 licensed dealers in the State. The forms and other supporting records filed and maintained by such dealers are subject to audit by the Department.

In 1919, the State imposed the first motor vehicle fuel tax on gasoline in the United States. The initial rate was established at 1 cent per gallon and since that time the rate has been increased as shown in Table A-4 below. The most recent rate of 36 cents per gallon took effect on January 1, 2020, authorized by the Legislative Assembly's approval of Keep Oregon Moving, which provides for future increases in

Fuel Tax Revenues under ORS 319.020 and ORS 319.530, and increases in per-mile road usage charge for metered use of the highways in the State by participating vehicles, each as described below.

TABLE A-4
OREGON DEPARTMENT OF TRANSPORTATION
HISTORY OF MOTOR VEHICLE FUEL TAX RATES

Effective Calendar Year	Rate per Gallon	Effective Calendar Year	Rate per Gallon
1919	$0.01	1987	$0.12
1921	$0.02	1988	$0.14
1923	$0.03	1989	$0.16
1929	$0.04	1990	$0.18
1933	$0.05	1991	$0.20
1949	$0.06	1992	$0.22
1967	$0.07	1993	$0.24
1982	$0.08	2011	$0.30
1984	$0.09	2018	$0.34
1985	$0.10	2019	$0.34
1986	$0.11	2020	$0.36

Source: Oregon Department of Transportation

The use fuel tax is a State tax imposed on the use of fuel other than gasoline in a motor vehicle to propel the vehicle on the highways of the State. Use fuel means any combustible gas, liquid or material used for the generation of power to propel a motor vehicle on the highways except motor vehicle fuel. Examples include diesel, propane, and compressed natural gas. Sellers of use fuels are required to be licensed and to collect the use fuel tax from most purchasers and to report to the Department on or before the 20th day of each calendar month the amount of use fuel sold during the preceding calendar month. Use fuel sellers are allowed to retain four percent of the tax collected to offset their costs incurred in the collection and remittance of the tax to the State.

Users of use fuel who do not pay the tax to the seller at the point of sale are required to be licensed and to file tax reports and to pay the applicable tax either monthly, quarterly or annually, depending upon the amount of tax owed. Use fuel taxes have been historically and are currently imposed at a rate equivalent to the motor vehicle fuel tax. The use fuel tax does not apply to most vehicles weighing over 26,000 pounds, which pay the weight-mile tax.

Keep Oregon Moving. Keep Oregon Moving increased the motor vehicle fuel tax to 34 cents per gallon beginning effective January 1, 2018. Because the specified contingencies with respect to the Department, the Commission and various transportation projects were met, motor vehicle fuel tax increased to 36 cents per gallon effective January 1, 2020. Additional contingent increases are provided for on or after January 1, 2022 and 2024, respectively, up to a final amount of 40 cents per gallon. Potential future increases in 2022 and 2024 are contingent upon the Department, the Commission and local governments meeting certain accountability requirements. The State and the Department cannot predict whether such contingencies will occur by the relevant deadlines. See "—Impact of Increased Revenues under Keep Oregon Moving" and "KEEP OREGON MOVING" in the forepart of this Official Statement for further discussion.

Forecast of Fuel Tax Revenues. In the ODOT July 2020 Forecast, the Department estimates that gross Fuel Tax Revenues will range from approximately $593 million per year to $662 million per year in the fiscal years ending June 30, 2020 through June 30, 2025, which includes guaranteed increases of fuel taxes only – currently 6 cents. See APPENDIX C—"OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST," for a more detailed discussion of the revenue forecast for Fuel Tax Revenues. These estimates include increases attributable to Keep Oregon Moving. See "—Impact of Increased Revenues under Keep Oregon Moving" above for more discussion.

Effects of Increased Fuel Efficiency. The State's efforts to reduce GHG emissions are expected to produce a reduction in Fuel Tax Revenues, starting as early as the fiscal year ending June 30, 2022. See Table 2 in the forepart of this Official Statement. Factors driving this anticipated decline include federal CAFÉ standards that require light vehicles produced from 2012 through 2025 to become increasingly fuel efficient, meaning they will consume less fuel over the same number of miles than a less efficient vehicle, as well as similar State policies. See "RECENT DEVELOPMENTS" in the forepart of this Official Statement for a discussion of Executive Order No. 20-04, directing State agencies to help facilitate achievement of targeted reductions in GHG emissions, and Chapter 565, Oregon Laws 2019, setting specific targets for zero-emission vehicles in Oregon, including battery electric vehicles, plug-in hybrid electric vehicles and hydrogen fuel cell vehicles. The Department supports such efforts to reduce GHG emissions and has created a Climate Office to coordinate and implement transportation related GHG reduction policies. To help offset reductions in Fuel Tax Revenues, the Department has created a light vehicle mileage-based program in place, OReGO, as further defined and described below. Keep Oregon Moving also imposed a Registration Surcharge for electric vehicles and hybrids to ensure they pay their fair share for the use of roads, which is part of the New KOM Revenues that are pledged to the payment of Highway User Tax Bonds. See "KEEP OREGON MOVING – Increases to Pledged Revenues" in the forepart of this Official Statement.

Road Usage Charge Program ("OReGO"). Oregon law provides for a per-mile road usage charge for metered use of the highways in the State by participating vehicles (the "OReGO Program"). Once approved and enrolled in the OReGO Program, the participant installs a mileage reporting device and sets up the vehicle for reporting miles pursuant to a program agreement (the "Program Agreement"). The amount that the road user pays is based on the taxable miles driven, less a credit of the state fuel tax paid on the fuel used to drive taxable miles.

OReGO is currently a volunteer program using in-vehicle devices to track and report mileage. The main purpose of the volunteer program was to test effectives of this method of taxation. The system has proven itself functional, and the Department intends to advocate for OreGO to be implemented on a permanent basis in the future. The legislative task force overseeing the OReGO program is planning to introduce legislation in the next regular session of the Legislative Assembly to require at some point in the future all new vehicles sold in the State after a certain model year be enrolled in the OReGO program. The Department believes this will allow for a gradual shift to a full mileage-based tax system as vehicles are replaced over time.

Under Oregon law, moneys collected from OreGO are deposited to the State Highway Fund, and allocated for distribution 50 percent to the Department, 30 percent to counties under ORS 366.762 and 20 percent to cities under ORS 366.800. Keep Oregon Moving provides for future increases in road use charges related to the OReGO Program. These increases go into effect on or after January 1, 2024. See "—Impact of Increased Revenues under Keep Oregon Moving" for further discussion.

The monies the Department receives under OReGO are pledged to the payment of Highway User Tax Bonds pursuant to a Supplement to the Master Declaration. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION—MASTER DECLARATION—Declaration Amendments."

DMV Revenues

DMV Revenues include vehicle registration fees collected under ORS 803.420, vehicle titling fees collected under ORS 803.090, vehicle registration fees collected under ORS 803.570, trip permit fees collected under ORS 803.645, driver licensing fees collected under ORS 807.370, and miscellaneous other fees for products and services such as driver and vehicle records, identification cards, hardship/probationary permits, drive tests and driver license reinstatements. DMV collects these fees through 60 field offices, online web-based services, DEQ emissions stations, regular mail delivery and two dealer processing centers. There are approximately 4.7 million registered vehicles and approximately 3.3 million licensed drivers in the State.

Annually, DMV typically issues and renews about 500,000 driver licenses and ID cards; about 2.1 million vehicle registrations; about 2.9 million record request; and about 1.1 million vehicles titles. As a result of the COVID-19 pandemic, DMV transaction volumes were significantly impacted by office closures from mid-March through May 2020 according to the ODOT July 2020 Forecast. May 2020 actual revenues were 59% lower than the Department's April 2020 revenue forecast, and overall, for the 2019-20 biennium, DMV revenues are estimated at 3.9% lower than forecast in the Department's April 2020 revenue forecast. See "EFFECTS OF THE COVID-19 PANDEMIC" in the forepart of this Official Statement and APPENDIX C—"OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST."

Beginning in July 2020, the DMV started issuing RealID compliant licenses and ID cards. Due to COVID-19, the federal government extended the October 2020 implementation date by one year. While the Department expects an increase in driver license renewals as a result of the implementation of RealID requirements, the distribution of such demand over the next 18 months has changed dramatically from prior projections with the bulk of these transactions now expected to occur closer to the deadline in October 2021, as reflected in the current revenue forecast. This increase will likely create a stress on DMV systems and is also expected to result in a one-time increase in DMV revenues that is reflected in the current revenue forecast. For more information on DMV Revenue projections, see APPENDIX C—"OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST." For a discussion of the current effects of the COVID-19 pandemic on the Department, see "EFFECTS OF THE COVID-19 PANDEMIC" in the forepart of this Official Statement.

Passenger vehicles are generally subject to two-year registration, except for initial registration of new vehicles that lasts four years and then converts to the two-year registration period. Registration periods for other types of vehicles may be quarterly, annually, biannually or permanently, depending upon vehicle type. Vehicle registration fees for commercial vehicles are based upon the weight of the vehicle and may be registered quarterly or annually. Registration fees are collected in advance for the entire registration period. Title fees are charged for issuance, transfer and replacement of vehicle titles. Additional fees are assessed for late presentation of a title application. Trip permit fees are charged when a vehicle is operated temporarily with no registration plates or for a use other than what current registration allows.

The Legislative Assembly also approved certain other fee increases under the OTIA I & II, OTIA III and JTA legislation. These included fee increases for commercial vehicle registration based upon the weight of the vehicle in 2,000 pound increments and increases in the commercial vehicle registration fees charged for vehicles exceeding 8,000 pounds, as well as increases for travel trailers, campers, motor homes, special use trailers, and farm vehicles. Vehicle plate fees, including standard and custom plates, and vehicle trip permit fees were also increased by the Legislative Assembly under JTA.

The fees authorized under ORS 807.375 are available to the Department to be pledged to secure the Highway User Tax Revenue Bonds; the Department has not affirmatively pledged these revenues, but reserves the right in the future to make such an affirmative pledge.

Keep Oregon Moving. Keep Oregon Moving provides for incremental increases in DMV Revenues including increases in vehicle registration fees collected under ORS 803.420, beginning on January 1, 2018 and increasing periodically through January 1, 2022. Keep Oregon Moving also increases trip permit fees collected under ORS 803.645, beginning January 1, 2018 and increasing periodically through January 1, 2024. See "—Impact of Increased Revenues under Keep Oregon Moving" above.

Forecast of DMV Revenues. In the ODOT July 2020 Forecast, gross DMV Revenues are estimated by the Department to range from approximately $392 million per year to $488 million per year in the fiscal years ending June 30, 2020 through June 30, 2025. The Department estimates that approximately 63 percent of such revenues will be derived from vehicle registrations. See APPENDIX C—"OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST," for a more detailed discussion of the revenue forecast for DMV Revenues.

Other DMV Matters. JTA also allowed counties with a population of 350,000 or more to enact an ordinance establishing county registration fees. DMV collects fees on behalf of certain Oregon counties at initial registration and at renewal. The fees are then transferred to the county after deducting Department administrative costs. These revenues are not included in Pledged Revenues.

Use Tax Revenues

Use Tax Revenues include revenues derived from a use tax of 0.5 percent of the retail sales price of a motor vehicle imposed under ORS 320.410 on the storage, use or other consumption in the State of taxable motor vehicles purchased at retail from any seller, after payment of expenses for administration, enforcement, refunds or credits. The Use Tax does not apply to taxable motor vehicles to the extent they are subject to any other jurisdiction's privilege, excise, sales or use tax, including the tax of 0.5 percent of the retail sales price of a motor vehicle imposed under ORS 320.405 on each vehicle dealer for the privilege of engaging in the business of selling taxable motor vehicles at retail in the State. The Oregon Department of Revenue administers the collection of the Use Tax, and transfers Use Tax Revenues to the Highway Fund, pursuant to ORS 320.435(2)(b).

Forecast of Use Tax Revenues. As part of the Department's forecast of Keep Oregon Moving revenues, Use Tax Revenues are estimated to range from approximately $6 million per year to $9 million per year in the fiscal years ending June 30, 2020 through June 30, 2025.

Statutory Reductions

Statutory Reductions consist of Administrative Expenses and Operating Transfers. Statutory Reductions are deducted before the Revenue Sharing Transfers and Program Set Asides are made.

Administrative Expenses

Under Oregon law and the Department's accounting and budgetary practices, the Department may deduct various costs of the Department from highway user tax revenues, which are collectively referred to herein as "Administrative Expenses." These costs do **not** include all of the Department's operating costs or expenditures such as capital outlays and special payments.

Administrative Expenses include all costs related to the administration and collection of Pledged Revenues, including Administrative Expenses attributable to the Motor Carrier Transportation Division and the Driver and Motor Vehicle Services Division and a portion of costs of the Department attributable to the Fuels Tax Group of Financial Services and to the Collections Unit of Financial Services. Payroll and other personal services expenses are also included in Administrative Expenses, including salaries and contributions the Department is required to make in connection with PERS (including pension obligation bond assessments), benefits paid through the State's Public Employees' Benefit Board ("PEBB") and other payroll expenses and related personal services costs. Administrative Expenses may also include the costs associated with real and personal property (including certain debt service obligations) used in the administration and collection of the various taxes and fees that comprise Pledged Revenues. Administrative Expenses are subject to expenditure limitations established in the Department's budget approved by the Legislative Assembly.

The State may issue additional obligations that are not Highway User Tax Revenue Bonds in the future, the debt service on which may or may not be paid from State Highway Fund revenues and which may or may not constitute Administrative Expenses. See "SECURITY AND SOURCES OF PAYMENT—Other Debt Obligations" in the forepart of this Official Statement for a description of the Department's outstanding obligations that are not Highway User Tax Revenue Bonds.

DMV Service Transformation Program. DMV continues to pursue its multi-year $90 million Service Transformation Program (STP) to improve DMV business processes, enhance service capabilities, replace legacy computer systems, and enable DMV to become more flexible and timely in meeting customer expectations and legislative mandates. In June 2017, DMV entered into a contract to purchase and implement a commercial off-the-shelf computer software solution to support the STP modernization project. DMV replaced its systems in two phases starting with the vehicle registration and titling systems in 2019 followed by the driver registration system. The driver module went live in July 2020.

Operating Transfers

The Department collects certain taxes and fees for purposes and activities not related to the State Highway Fund and transfers such revenues (referred to herein as "Operating Transfers") to other State agencies and governmental entities. Any applicable Administrative Expenses are deducted before Operating Transfers are made. For instance, the Department collects fuel taxes related to vehicles and equipment that are not generally operated on State highways, such as snowmobiles, all-terrain vehicles, marine vehicles, aircraft and lawn mowers. These collections constitute approximately 3.0 percent of all motor vehicle fuel and use fuel taxes collected by the State each year and are expected to total approximately $107 million in the 2019-2021 biennium. The Department collects vehicle registration fees from the registration of campers, motor homes and travel trailers. The Department also collects fees for various other statutory purposes. Revenues from these sources are transferred to certain dedicated funds or to other State agencies and as Operating Transfers are not included in Pledged Revenues.

Table A-5 below, sets out Statutory Reductions, including Administrative Expenses and Operating Transfers, as of the fiscal years ended June 30, 2019 and 2020 and estimated amounts for the fiscal years ending June 30, 2021 and 2022.

The historical financial information and operating data set forth in Table A-5 for the dates as of and for the periods that occurred before the COVID-19 pandemic and the measures instituted to control such pandemic may not be indicative of future results or performance due to these and other factors. For a description of the Department's ongoing response to COVID-19 and related financial and operating effects on the Department, see "EFFECTS OF THE COVID-19 PANDEMIC" and APPENDIX C—"OREGON DEPARTMENT OF TRANSPORTATION JULY 2020 REVENUE FORECAST."

The projections set forth in Table A-5 represent the Department's forecast of future results as of the date of preparation based on information then available to the Department as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the Department. No assurance can be given that the future results discussed therein will be achieved, and actual results may differ materially from the forecasts described therein. In this respect, the words "estimate," "project," "forecast," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements.

TABLE A-5
STATUTORY REDUCTIONS[1]

	Fiscal Year Ended		Fiscal Year Ending	
	06/30/2019[2] Actual	06/30/2020[3] Preliminary	06/30/2021[3] Estimated	06/30/2022[3] Estimated
Administrative Expenses[4]				
Motor Carrier Transportation Division	$32,330,000	$35,076,000	$35,785,000	$37,557,000
DMV[5]	111,683,000	118,740,000	121,138,000	116,112,000
Financial Services Fuels Tax Unit[6]	1,907,000	2,046,000	2,087,000	2,189,000
Central Services Assessment[7]	41,223,000	42,885,000	43,751,000	45,887,000
Total Administrative Expenses	**$187,143,000**	**$198,747,000**	**$202,761,000**	**$201,745,000**
Operating Transfers				
Operating Transfers[8]	$25,642,000	$26,846,000	$26,869,000	$26,514,000
Total Operating Transfers	**25,642,000**	**26,846,000**	**26,869,000**	**26,514,000**
Total Statutory Reductions[9]	**$212,785,000**	**$225,593,000**	**$229,630,000**	**$228,259,000**

Source: *Oregon Department of Transportation*
(1) Rounded to nearest thousand; totals may not add due to rounding.
(2) Actual amounts derived from Department Annual Financial Reports for Fiscal Year 2019.
(3) Unaudited amounts for Fiscal Year 2020 and estimated amounts for Fiscal Year 2021 and Fiscal Year 2022 derived from the ODOT July 2020 Forecast.
(4) Administrative Expenses shown in the ODOT July 2020 Forecast have been adjusted to exclude costs associated with certain excluded revenues. See discussion above under "—Statutory Reductions" and in the forepart of this Official Statement under "SECURITY AND SOURCES OF PAYMENT—Statutory Reductions."
(5) Includes payment obligations of the Department for the State of Oregon Certificates of Participation, Series 2008A Refunding Certificates (construction of Driver and Motor Vehicle Services Division Headquarters Building). See "SECURITY AND SOURCES OF PAYMENT—Other Debt Obligations" in the forepart of this Official Statement.
(6) Includes Administrative Expenses. See discussion above under "—Statutory Reductions" and in the forepart of this Official Statement under "SECURITY AND SOURCES OF PAYMENT—Statutory Reductions."
(7) The Central Services Assessment shown in the ODOT July 2020 Forecast has been adjusted to exclude costs associated with certain excluded revenues. See discussion above under "—Statutory Reductions" and in the forepart of this Official Statement under "SECURITY AND SOURCES OF PAYMENT—Statutory Reductions."
(8) Includes DMV Traffic Safety transfer and DMV Department of Education transfer. Also includes Non-Highway related Fuels Tax transfers for Snowmobile, ATV, Marine Board, Aviation, and the Transportation Operating Fund.
(9) Total Statutory Reductions amount as presented in the table entitled "HISTORICAL PLEDGED REVENUES FOR FISCAL YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2020 AND ESTIMATED PLEDGED REVENUES FOR FISCAL YEARS ENDING JUNE 30, 2021 THROUGH JUNE 30, 2025" presented in the forepart of this Official Statement.

Revenue Sharing Transfers and Program Set Asides

Oregon law specifies that certain revenues collected by the Department, after Statutory Reductions, be shared with counties and cities. Motor Carrier Revenues, Fuel Tax Revenues and DMV Revenues, less Statutory Reductions, are allocated to counties and cities and the Department in accordance with certain formulas established under Oregon law. In addition, Oregon law provides for certain fixed amount transfers to counties and cities and other agencies.

The authority and allocation formulas for the sharing of revenues with counties and cities are established in ORS 366.739 to 366.820. Each county receives a share of the amount apportioned to all counties, based upon the ratio of vehicles registered in the county to the total number of vehicles registered in the State as of December 31 of the preceding year. Each incorporated city receives a share of the amount apportioned to all cities, based upon the ratio of the city's population to the population of all cities, based upon certified population estimates provided by Portland State University's Center for Population Research. The Department transfers moneys to counties and cities on the fifteenth day of each month. These amounts are not included in Pledged Revenues.

In addition, as required by JTA, the Department transfers fixed amounts internally to fund long-term plans of the Department and to the Travel Information Council ("TIC") as described below. These amounts are not included in Pledged Revenues.

As described below, certain revenues are transferred to counties and cities to fund local transportation projects (the "County and City Apportionments"). As shown in Table 2 in the forepart of this Official Statement, these transfers are applied to Net Revenues or Program Set Asides and, consequently, reduce the amount of Pledged Revenues.

General Allocation. Prior to 2001, a single statutory formula determined the County and City Apportionments (the "General Allocation"). The General Allocation is established by ORS 366.739. This formula, which is subject to certain exclusions as described below, allocates Net Revenues 24.38 percent to counties and 15.57 percent to cities. The Department receives the remaining 60.05 percent, subject to certain reductions to make grants to counties under ORS 366.772 and to cities under ORS 366.805. Keep Oregon Moving increases the grants from the Department to cities under ORS 366.805.

The General Allocation is presented in the Flow Chart that appears in the forepart of this Official Statement as part of the "Standing Revenue Sharing Transfers."

OTIA I and II Allocation. Beginning in 2001, an allocation formula was added by the Legislative Assembly that relates to the first and second phases of OTIA. Pursuant to ORS 366.739 and ORS 366.742, $71.2 million per biennium is excluded from the General Allocation. This amount is referred to herein as the "OTIA I and II Set Aside." Under ORS 366.742, any portion of the OTIA I and II Set Aside that remains after deducting an amount equal to the total debt service due on bonds ("OTIA I and II Bonds") issued under OTIA I and OTIA II, including bonds issued to refund OTIA I and II Bonds, is allocated (a) 50 percent to the Department, and (b) 30 percent to counties and 20 percent to cities (the "OTIA I and II Allocation"). The portion of the OTIA I and II Set Aside that is equal to total debt service on OTIA I and II Bonds and the 50 percent of the remainder that is allocated to the Department are included in Pledged Revenues and are not included in the OTIA I and II Allocations.

OTIA III Allocation. In connection with OTIA III, the Legislative Assembly established an additional statutory formula, described in ORS 366.744. Collections attributable to the revenue increases under OTIA III are referred to herein as the "OTIA III Set Aside."

The OTIA III Set Aside is not subject to the General Allocation or to the OTIA I and II Allocation. The OTIA III Set Aside is allocated (a) 57.53 percent to the Department, (b) 25.48 percent to the Department to pay principal and interest on Highway User Tax Revenue Bonds issued by the Department to finance or refinance the replacement and repair of bridges on county highways ("OTIA III County Bridge Bonds"), except that any portion not needed for that purpose is allocated to counties, and (c) 16.99 percent to the Department to pay principal and interest on Highway User Tax Revenue Bonds issued by the Department to finance or refinance the replacement and repair of bridges on city highways ("OTIA III City Bridge Bonds" and together with OTIA III County Bridge Bonds, collectively, "OTIA III Local Bridge Bonds"), except that any portion not needed for that purpose is allocated to cities (the "OTIA III Allocation," and together with the OTIA I and II Allocation, the "OTIA Allocations"). The Department's 57.53 percent allocation of the OTIA III Set Aside and the portion of the OTIA III Set Aside that is allocated to the Department to pay principal and interest on the OTIA III Local Bridge Bonds are included in Pledged Revenues and are not included in the OTIA III Allocation.

JTA Allocation. In connection with the enactment of JTA, a further statutory formula was established in ORS 366.752 by the Legislative Assembly. Collections attributable to the tax and fee increases under JTA are referred to herein as the "JTA Set Aside." The JTA Set Aside is not subject to the General Allocation or to the OTIA Allocations.

The JTA Set Aside is allocated (a) *first*, in an amount of $24 million per year in monthly installments to the Department for the purposes described in the long-range plan developed pursuant to Oregon law and on January 1 of each year $3 million per year to the TIC for management, maintenance and improvement of the roadside rest areas that the TIC is responsible for under JTA (the "Planning and TIC JTA Allocation"); and (b) *second*, (i) 50 percent to the Department, which may be used to secure and pay bond debt service on Highway User Tax Revenue Bonds; (ii) 30 percent to counties for distribution pursuant to Oregon law (the "County JTA Allocation"); and (iii) 20 percent to cities for distribution pursuant to Oregon law (the "City JTA Allocation"). The Planning and TIC JTA Allocation, the County JTA Allocation and the City JTA Allocation are referred to collectively as the "JTA Allocation" and are not included in Pledged Revenues. Under JTA, the $3 million per year allocation to the TIC ends in 2020. The Department's 50 percent allocation of the JTA Set Aside is included in Pledged Revenues.

The county and city portions of the OTIA Allocations and the JTA Allocation are included in the Pledged Revenues Flow Chart in the front part of this Official Statement as "Program Revenue Sharing Transfers."

Keep Oregon Moving Allocation. In connection with the enactment of Keep Oregon Moving, another statutory formula was established by the Legislative Assembly in ORS 367.095(2)(a), as amended by Chapter 491, Oregon Laws 2019. Collections attributable to the tax and fee increases under Keep Oregon Moving are referred to herein as the "Keep Oregon Moving Set Aside." The Keep Oregon Moving Set Aside is not subject to the General Allocation, the JTA Allocation or to the OTIA Allocations.

The Keep Oregon Moving Set Aside is allocated (a) first, in an amount of $30 million per year to be used for the Interstate 5 Rose Quarter Project, including project costs on a current basis and paying for debt service on bonds issued to finance the Interstate 5 Rose Quarter Project, and $10 million per year to be deposited into the Safe Routes for Schools Fund for the purpose of providing safe routes to schools (the "Rose Quarter and Safe Routes for Schools Allocation"); and (b) second, (i) 50 percent to the Department, which may be used to secure and pay bond debt service on Highway User Tax Revenue Bonds; (ii) 30 percent to counties for distribution pursuant to Oregon law (the "County Keep Oregon Moving Allocation"); and (iii) 20 percent to cities for distribution pursuant to Oregon law (the "City Keep Oregon Moving Allocation"). The Rose Quarter and Safe Routes for Schools Allocation, the County Keep Oregon Moving Allocation and the City Keep Oregon Moving Allocation are referred to collectively as the "Keep Oregon Moving Allocation" and are not included in Pledged Revenues. The Department's 50 percent allocation of the Keep Oregon Moving Set Aside is included in Pledged Revenues.

The county and city portions of the OTIA Allocations, the JTA Allocation and the Keep Oregon Moving Allocation are included in the Pledged Revenues Flow Chart in the front part of this Official Statement as "Program Revenue Sharing Transfers."

Fixed Allocation. In addition to the General Allocation and the OTIA Allocations described above, certain fixed amounts (the "Fixed Allocation") are allocated to counties and cities. The Fixed Allocation is presented in the Flow Chart in the forepart of this Official Statement as part of the "Standing Revenue Sharing Transfers." Keep Oregon Moving increases the amount of the Fixed Allocation to counties and cities.

Transportation Project Account

Pursuant to JTA, effective January 1, 2011, the Transportation Project Account was created in the State Highway Fund, and moneys in the account are continually appropriated to the Department for the purpose of making certain allocations required under JTA, as described below, and for the purpose of paying debt service on Highway User Tax Revenue Bonds. If at any time, the Department determines that there are not sufficient funds in the State Highway Fund to pay debt service on Highway User Tax Revenue Bonds, moneys in the Transportation Project Account are required to be transferred to the State Highway Fund and used by the Department to pay debt service on Highway User Tax Revenue Bonds. The amounts on deposit in the Transportation Project Account are included in Pledged Revenues. Interest on moneys deposited to the Transportation Project Account is credited to the State Highway Fund.

Under JTA, the Department is required to (i) make quarterly estimates of the amount of moneys allocated to the Department under ORS 366.752 that are not required to pay debt service on outstanding Highway User Tax Revenue Bonds issued to finance the JTA Projects and (ii) deposit such amount in the Transportation Project Account. Oregon law sets out a series of assumptions that the Department is to use when computing the amount required to be deposited to the Transportation Project Account. Only those amounts determined by the Department as not required to pay debt service on Highway User Tax Revenue Bonds issued for JTA Projects may be allocated by the Commission pursuant to a request of the Department to fund projects in the following order of priority: (a) the amount established for JTA Projects; (b) $15 million for maintenance, preservation and safety; and (c) for any other purpose determined by the OTC.

DEPARTMENT CONTRIBUTIONS TO PERS AND OTHER POST-EMPLOYMENT BENEFITS

Public Employees' Retirement System

The State is one of many participants in the statewide Oregon Public Employees' Retirement System ("PERS" or "System"). The State participates in three retirement pension benefit programs provided through PERS and three retirement healthcare benefit programs (two provided through PERS and one provided by the State's Public Employees' Benefit Board ("PEBB")). Most public employers in Oregon, including State government employers, participate in PERS. Benefits provided through PERS are paid from the Oregon Public Employees' Retirement Fund ("OPERF"). The Public Employees' Retirement Board (the "PERS Board") administers PERS and is responsible for setting policies and for providing administrative direction to PERS. For a detailed description of the three PERS pension programs and the State's obligations under these programs, see APPENDIX A2—"STATE OF OREGON PENSION AND OTHER POST-RETIREMENT BENEFIT PROGRAMS."

The Department's contribution to PERS is calculated using the State's employer contribution rate and applying it to the Department's covered payroll. The following table sets out the Department's contributions to PERS and the Department's proportionate share of the debt service payments for the pension bonds issued by the State (the "State Pension Bonds") in October 2003 in the aggregate principal amount of approximately $2.1 billion.

TABLE A-6
OREGON DEPARTMENT OF TRANSPORTATION
CONTRIBUTIONS TO PERS AND STATE PENSION BOND DEBT SERVICE
($ MILLIONS)

Fiscal Year Ending 6/30	Contribution to PERS[(1)]	Percent Change	POB Debt Service[(2)]	Total	Percent Change
2015	$38.6	4.0%	$16.9	$55.5	4.3%
2016	43.3	12.2	16.2	59.5	7.2
2017	39.8	(8.1)	16.7	56.5	(5.0)
2018	47.9	20.3	17.2	65.1	15.2
2019	49.1	2.5	18.6	67.7	4.0

Sources: Contribution to PERS: Oregon Department of Transportation Annual Financial Reports for years 2015, 2016, 2017, 2018 and 2019, respectively. Debt service on State Pension Bonds derived from internal Department sources.

(1) Includes T1/T2 Pension Programs, OPSRP, and PERS-sponsored retirement healthcare benefit programs. Includes employer paid employee portion.
(2) Fiscal year debt service on State Pension Bonds, which were issued on October 31, 2003.

A portion of the Department's total PERS contributions, which include the Department's PERS employer contributions and payment by the Department of the employee contributions (collectively, "System Contributions"), and debt service contributions on the State Pension Bonds ("POB Contributions"), constitutes Administrative Expenses that are paid from revenues before they become Pledged Revenues. See Table A-2 "Oregon Department of Transportation Net Revenues, Total Expenditures and Changes in Fund Balances All Governmental Fund Types (Unaudited)" and "PLEDGED REVENUES—Administrative Expenses" above in this Appendix A, and see "SECURITY AND SOURCES OF PAYMENT—Statutory Reductions" in the forepart of the Official Statement.

Other Post-Employment Benefits

In addition to the pension benefits provided through PERS, the State provides healthcare benefits (medical, vision and dental) through two PERS health insurance programs and through PEBB. At the time of retirement, State employees can choose whether to obtain post-employment benefits through PERS or through PEBB. These programs have an unfunded actuarial liability, in which the Department shares proportionately based on its share of the State's covered payroll. For further discussion of these post-employment healthcare benefits, see APPENDIX A2—"STATE OF OREGON PENSION AND OTHER POST-RETIREMENT BENEFIT PROGRAMS—Other Post-Employment Benefits—*PERS-Sponsored Retirement Health Insurance Account Plan*" and "—*PERS-Sponsored Retiree Health Insurance Premium Account Plan*."

INITIATIVE PETITIONS, LEGISLATIVE REFERRALS AND REFERENDUM PETITIONS

Initiative Petitions

General

The State Constitution, Article IV, Section 1, reserves to the people of the State (1) the initiative power to amend the Oregon Constitution or to enact State legislation by placing measures on the statewide general election ballot for consideration by the voters and (2) the referendum power to approve or reject at an election any act passed by the Legislative Assembly that does not become effective earlier than 90 days after the end of the legislative session. The Legislative Assembly may also refer an act to the voters for approval or rejection.

State law permits any person to file a proposed initiative with the Secretary of State's office without payment of fees or other burdensome requirements. Although a large number of initiative measures are submitted to the Secretary of State's office, a much smaller number of petitions contain sufficient signatures to be placed on the ballot. Because many proposed initiative measures are submitted that do not qualify for the ballot, the State does not formally or systematically monitor the impact of those measures or estimate their financial effect prior to the time the measures qualify for the ballot. Consequently, the State does not ordinarily disclose information about proposed initiative measures that have not qualified for the ballot.

Requirements for Proposed Initiative Measures to Be Placed on the Ballot

To place a proposed initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the requisite number of qualified voters not less than four months prior to the general election at which the proposed measure is to be voted upon.

Once an initiative measure has gathered a sufficient number of signatures and qualified for placement on the ballot, the State is required to prepare a formal estimate of the measure's financial impact. Typically, this estimate is limited to an evaluation of the direct dollar impact. Historically, a larger number of initiative measures have qualified for the ballot than have been approved by the electors. According to the Elections Division of the Secretary of State, the total number of initiative petitions that qualified for the ballot and the numbers that passed in recent general elections are as follows:

TABLE A-7
STATE ELECTIONS & INITIATIVES

Year of General Election	Number of Initiatives that Qualified	Number of Initiatives that Passed
2008	8	0
2010	4	2
2012	7	2
2014	4	2
2016	4	3
2018	4	1
2020	2	--

Source: Elections Division, Oregon Secretary of State.

Legislative Referrals and Referendum Petitions

The Legislative Assembly may refer constitutional amendments or statutory changes to the Oregon voters for their approval. In addition, within 90 days after the end of a legislative session, any person may file a petition seeking to have any act passed by the Legislative Assembly that does not become effective earlier than 90 days after the end of the legislative session referred to the voters for their approval or rejection at the next general election, or at a special election provided for by the Legislative Assembly. To place a proposed referendum on the ballot, the proponents must submit to the Secretary of State within 90 days after the end of the legislative session referendum petitions signed by the requisite number of qualified voters. An act approved by the voters through the referendum process becomes effective 30 days after the date of the election at which it was approved. A referendum on part of an act does not prevent the remainder of the act from becoming effective as provided in the act.

APPENDIX A2

STATE OF OREGON PENSION AND OTHER POST-RETIREMENT BENEFIT PROGRAMS

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STATE OF OREGON PENSION AND OTHER POST-RETIREMENT BENEFIT PROGRAMS

The State is one of many participants in the statewide Oregon Public Employees' Retirement System ("PERS" or "System"). The State participates in three retirement pension benefit programs provided through PERS and three retirement healthcare benefit programs (two provided through PERS and one provided by the State's Public Employees' Benefit Board ("PEBB")).[1] Most public employers in Oregon, including State government employers, participate in PERS. Benefits provided through PERS are paid from the Oregon Public Employees' Retirement Fund ("OPERF"). The Public Employees' Retirement Board (the "PERS Board") administers PERS and is responsible for setting policies and for providing administrative direction to PERS.

System Pension Programs

The three PERS pension programs are composed of two defined benefit programs and one program that has features similar to a defined contribution plan. In a defined benefit plan, the investment risk for the plan assets is borne by the employer. In a defined contribution plan, the investment risk for the plan assets is borne by the employee. A combination of participating employer contributions (determined by the PERS Board based upon the results of actuarial valuations), investment earnings and employee contributions (determined by statute, currently 6 percent of salaries and 7 percent for judges) fund these pension programs.

Employees hired before January 1, 1996 are known as "Tier 1" participants. The retirement benefits applicable to Tier 1 participants are based primarily on a defined benefit model. Employees hired on or after January 1, 1996 and before August 29, 2003 are known as "Tier 2" participants. The Tier 2 program also provides a defined benefit but with lower expected costs to employers than under the Tier 1 benefit. Employees hired on or after August 29, 2003 are participants in a successor retirement program to the Tier 1 and Tier 2 retirement programs (the "T1/T2 Pension Programs") known as the Oregon Public Service Retirement Plan ("OPSRP").

PERS also offers a program that has features similar to a defined contribution benefit known as the Individual Account Program ("IAP"). Effective January 1, 2004, active Tier 1, Tier 2 (T1/T2) and OPSRP employees became members of the IAP. Tier 1 and Tier 2 employees retain their existing T1/T2 Pension Program account, but the IAP account receives any future member contributions.

System Pension Plan Asset and Liabilities Valuations

Oregon statutes require an actuarial valuation of the System by a competent actuary at least once every two years. The current PERS actuary is Milliman, Inc. ("Milliman"). Under current practice, actuarial valuations are performed annually, but only valuations as of the end of each odd-numbered year are used to determine annual required employer contribution rates. Valuations are released approximately one year after the valuation date. The valuation report for the System as of December 31, 2018 (the "2018 System Valuation Report") was released on December 12, 2019. On July 31, 2020, Milliman presented summary valuation results as of December 31, 2019 (the "2019 Valuation Summary"). Milliman is expected to present formal, detailed valuation results as of December 31, 2019 (the "2019 System Valuation") to the PERS Board at its October 2, 2020 meeting. The Issuer does not expect to update this Official Statement upon release of the 2019 System Valuation.

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[1] Members of the Oregon state judiciary participate in the Judge Retirement Program, a separate pension benefit program under PERS. Employer contributions for the Judge Retirement Program are paid from the State General Fund. Information relating to the Judge Retirement Program will be footnoted herein.

The System Valuations include actuarial valuations for the T1/T2 Pension Programs and OPSRP. In connection with the T1/T2 Pension Programs, the State is pooled with certain local governments and community college districts (the "State and Local Government Rate Pool" or "SLGRP"). Because OPSRP's assets and liabilities are pooled on a program-wide basis, the State is pooled with all Oregon local governments in connection with OPSRP.

The PERS actuary releases the State's individual valuation reports near the end of each calendar year. These annual valuation reports provide the State's portion of the unfunded actuarial liabilities of the SLGRP and OPSRP based on the State's proportionate share of SLGRP and System covered payroll, respectively, as of the valuation date. An employer's unfunded actuarial liability ("UAL") is the excess of the actuarially determined present value of the employer's benefit obligations to employees over the existing actuarially determined assets available to pay those benefits.

Each year at the December PERS Board meeting, the actuary presents results of long-term, financial modeling using a monte carlo simulation with then-current asset allocations. The possible outcomes of such financial modeling are used, in part, by the PERS Board to inform its decisions on the adoption of certain actuarial methods and assumptions. The following table shows the significant actuarial assumptions and methods adopted by the PERS Board and used by Milliman in performing its actuarial valuations.

TABLE A2-1
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ACTUARIAL ASSUMPTIONS AND METHODS

Assumption/Method	2016 and 2017 Valuations	2018 and 2019 Valuations
Actuarial Cost Method	Entry-Age Normal	Unchanged
T1/T2 Programs UAL Amortization Method	Level Percentage of Payroll over 20 years (fixed)	Unchanged
OPSRP UAL Amortization Method	Level Percentage of Payroll over 16 years (fixed)	Unchanged
Asset Valuation Method	Market Value[1]	Unchanged
Investment Rate of Return	7.20%	Unchanged
Payroll Growth Rate	3.50%	Unchanged
Inflation Level	2.50%	Unchanged
Contribution Rate Stabilization Method (Rate Collar)	Contribution rate may increase or decrease by 3% of payroll or by 20% of the previous rate; whichever is greater when an employer's funded status is between 70% and 130%. At a funded status of 60% or less, or 140% or more, the limitation doubles to 6% of payroll or 40% of the previous rate, whichever is greater. At a funded status between 60% and 70% or 130% and 140%, the limitation increases in increments between 3%-6% of payroll or 20%-40% of the previous rate, whichever is greater.	Unchanged

[1] Market value of assets reduced by value of assets in statutory reserves (contingency, capital preservation and rate guarantee reserves).

In addition to the actuarial methods and assumptions listed above, the actuary uses other methods, procedures and economic and demographic assumptions when performing its actuarial valuations.

The following table shows the systemwide market value of assets and actuarial value of liabilities, the UALs and surpluses and funded ratios for PERS pension plans for the past ten years for which actuarial valuations were performed. For similar information regarding the PERS-sponsored retirement healthcare benefit programs see Tables A2-9 and A2-10.

TABLE A2-2
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SYSTEMWIDE PENSION HISTORICAL ACTUARIAL FUNDED RATIOS
(IN MILLIONS)[1]

Calendar Year Ending	Market Value of Assets[2] ($)	Actuarial Value of Liability ($)	Unfunded Actuarial Liability ($)	Funded Ratio (%)
2009	48,729.2	56,810.6	8,081.4	85.8
2010	51,583.6	59,329.5	7,745.9	86.9
2011	50,168.2	61,198.4	11,030.2	82.0
2012[3]	54,784.1	60,405.2	5,621.1	90.7
2013[3]	60,014.1	62,593.6	2,579.5	95.9
2014[4]	61,395.1	73,458.9	12,063.8	83.6
2015	60,000.1	76,196.6	16,196.5	78.7
2016	61,059.0	80,970.3	19,911.3	75.4
2017	67,326.2	84,056.0	16,729.8	80.1
2018	64,802.3	86,547.7	21,772.4	74.9

Sources: Actuarial valuations of the System.

(1) System funding levels composed of Tier 1/Tier 2 and OPSRP pensions but excluding retiree healthcare subsidies of RHIA and RHIPA.
(2) Includes proceeds of pension bonds issued by Oregon local governments and the State.
(3) Reflects the legislative changes enacted by the Legislative Assembly in 2013 (the "2013 PERS Bills") to reduce future benefit payments, resulting in a reduction of the System's unfunded actuarial liability by approximately $5 billion.
(4) In April 2015, the Oregon Supreme Court announced a decision on lawsuits challenging the provisions of the 2013 PERS Bills. The decision upheld the elimination of a benefit increase for out-of-state retirees but declared other benefit reductions unconstitutional as applied to benefits earned prior to the June 1, 2013 effective date of the 2013 PERS Bills.

According to the 2019 Valuation Summary, the UAL of the System as of December 31, 2019 is approximately $19.1 billion, a decrease of approximately $2.7 billion from the System UAL as of December 31, 2018. This decrease is due primarily to the effects of the rate collar, the level of employer rates and the timing and magnitude of employer rate increases.

The Oregon State Treasurer is the investment officer for the State of Oregon. Investment standards are established in ORS 293.726 and require funds to be managed as a prudent investor would do. The Oregon Investment Council ("OIC") establishes policies for the investment and reinvestment of moneys in PERS investment funds. Policies are established based on the primary investment asset class of each investment manager. The OIC has approved the following asset classes for the OPERF: Oregon Short-Term Fund (for cash balance), Fixed Income, Real Estate, Public and Private Equities, and Alternative Investments. In addition, OPERF invests in the Opportunity Portfolio, which may be populated with investment approaches across a wide range of investment opportunities with no limitation as to asset classes or strategies. The target investment portfolio mix at market value was revised at the OIC meeting of April 24, 2019, to 32.5 percent global equity, 17.5 percent private equity, 20 percent fixed income, 12.5 percent real estate, 7.5 percent alternatives – illiquid, 7.5 percent alternatives – diversifying strategies and 2.5 percent risk parity.

The following table shows the prior ten years of investment returns for the OPERF.

TABLE A2-3
OREGON PUBLIC EMPLOYEES
RETIREMENT FUND INVESTMENT RETURNS

Calendar Year Ending	Net Returns[1] (%)
2010	12.6
2011	2.2
2012	14.3
2013	15.6
2014	7.3
2015	2.1
2016	6.9
2017	15.4
2018	0.5
2019	13.6

Source: Office of the State Treasurer.

(1) Regular account, after investment management fees, but not consulting fees.

The funded status of the pension programs will change depending on the market performance of the securities that OPERF is invested in, future changes in compensation and benefits of covered employees, demographic characteristics of members and methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS. Additionally, the market value of the investments held in OPERF is determined using various sources. For descriptions of the methodologies applied by the Oregon State Treasurer to determine the market value of OPERF investments see the State of Oregon Comprehensive Financial Report for the Fiscal Year ended June 30, 2019 Note 1.D., captioned "Summary of Significant Accounting Policies – Deposits and Investments" and the Oregon Public Employees' Retirement System Comprehensive Financial Report for the Fiscal Year Ended June 30, 2018, Note 1.D. captioned "Investments."

State of Oregon Active PERS Members

The following table shows the number of active State members in the T1/T2 Pension Programs and OPSRP.

TABLE A2-4
ACTIVE STATE PERS MEMBERS

Calendar Year Ending	Active T1/T2 Members	Active OPSRP Members	Total	Percent Change (%)
2008	30,615	13,643	44,258	3.3
2009	29,154	16,689	45,843	3.6
2010	27,569	20,288	47,857	4.2
2011	25,623	19,751	45,374	(5.2)
2012	23,935	20,983	44,918	(1.0)
2013	22,034	22,437	44,471	(1.0)
2014	20,626	25,776	46,402	4.3
2015	19,010	28,321	47,331	2.0
2016	17,524	29,815	47,339	0.0
2017	15,601	30,970	46,571	(1.6)
2018(1)	14,505	33,467	47,972	2.9

Source: Oregon PERS.

(1) As of December 31, 2018, there were 183 active members of the Judge Retirement Program.

State Pension Plan Asset and Liabilities

The following table shows the State's portion of the market value of assets and the actuarial value of liabilities, UALs and surpluses and funded ratios for PERS pension programs for which actuarial valuations were performed. For the T1/T2 Pension Programs, the State's portion of PERS' assets and liabilities is based upon the State's proportionate share of the SLGRP's covered payroll (as of December 31, 2017, approximately 50.2 percent) and reflects proceeds from the State pension bonds issued in October 2003 in the aggregate principal amount of $2.1 billion (the "State Pension Bonds"). For OPSRP, the State's proportionate share is based upon the State's share of total System covered payroll (as of December 31, 2018, approximately 29.36 percent). The State's proportionate liability may increase if other participants fail to pay their full employer contributions.

TABLE A2-5
STATE OF OREGON - PENSION
HISTORICAL ACTUARIAL FUNDED RATIOS
(IN MILLIONS)[1]

Calendar Year Ending	Market Value of Assets[2] ($)	Actuarial Accrued Liability ($)	Unfunded Actuarial Liability ($)	Funded Ratio (%)
2009	13,014.7	14,771.7	1,757.0	88.1
2010	13,529.8	15,116.4	1,586.5	89.5
2011	13,208.2	15,660.0	2,451.8	84.3
2012[3]	14,532.1	15,713.6	1,181.5	92.5
2013[3]	16,212.3	16,699.9	487.6	97.1
2014[4]	16,889.9	19,978.2	3,088.2	84.5
2015	16,497.3	20,845.5	4,348.2	79.0
2016	16,696.4	21,995.0	5,298.6	75.9
2017	18,550.1	23,232.6	4,682.4	79.8
2018	17,580.9	23,850.8	6,270.0	73.7

Source: State Actuarial Valuation Reports; Oregon PERS.

(1) The Judge Retirement Program and the RHIA and RHIPA Programs are not included in these numbers. The PERS actuary reported that as of December 31, 2017 the Judge Retirement Program has an unfunded actuarial liability of $44.6 million and a funded ratio of 86%. See Tables 21 through 22C for RHIA and RHIPA information.

(2) Includes proceeds of State Pension Bonds.

(3) Reflects the legislative changes enacted pursuant to the 2013 PERS Bills to reduce future benefit payments, resulting in a reduction of the System's unfunded actuarial liability by approximately $5 billion.

(4) In April 2015, the Oregon Supreme Court announced a decision on lawsuits challenging the provisions of the 2013 PERS Bills. The decision upheld the elimination of a benefit increase for out-of-state retirees but declared other benefit reductions unconstitutional as applied to benefits earned prior to the June 1, 2013 effective date of the 2013 PERS Bills.

State Employer Contribution Rates

At the end of each odd-numbered year, actuarial valuations determine the employer contribution rates that are officially set by the PERS Board. Pursuant to Oregon Revised Statutes 238.225, all employers participating in PERS are required to make their contribution to PERS based on the employer contribution rates set by the PERS Board. Due to the contribution rate stabilization method ("Rate Collar") described under "ACTUARIAL ASSUMPTIONS AND METHODS" above, the PERS Board-approved employer contribution rates for some employers, including the State, are currently less than the actuarially required contribution (ARC). The Rate Collar is an actuarially sound methodology that stabilizes contribution rates by spreading large rate increases over multiple biennia.

The following table shows the State's employer contribution rates expressed as percentages of the actuarially determined covered payroll for PERS pension and PERS-sponsored healthcare costs for the 2019-21 biennium based on the 2017 State Valuation and advisory rates for the 2021-23 biennium based on the 2018 State Valuation. The State's actual employer contribution rates for the 2021-23 biennium will be based on the State's actuarial valuation as of December 31, 2019.

TABLE A2-6
STATE CONTRIBUTION RATES

Payrolls Paid[1]	**2019-21 (%)**	**2021-23 (%) ADVISORY ONLY**
T1/T2	22.24	24.80
OPSRP General Service	14.75	19.43
OPSRP Police and Fire	19.38	23.80
Blended Rate[2]	17.06[3]	_-[4]

Sources: Oregon PERS; 2015 State Valuation and 2017 State Valuation.

(1) The employer contribution rate for the Judge Retirement Program is calculated separately and for the 2019-21 biennium the rate is 27.47%. According to the 2018 System Valuation and the State Judiciary Valuation as of December 31, 2018, the value of the covered payroll of the judiciary as of December 31, 2018 is approximately $25 million.

(2) The Blended Rate is calculated by the PERS actuary. It is a weighted average of the three separate payroll rates based on the proportion of estimated State payroll in each rate category. The Blended Rate is an estimate provided for budgeting purposes only, and is not adopted by the PERS Board. The Blended Rate estimate is sensitive to the proportional weightings of each category in the payroll estimate, especially the proportions of payroll that are Tier 1/Tier 2 police and fire and OPSRP waiting period.

(3) The 2019-21 Blended Rate was calculated by PERS in November 2018.

(4) A Blended Rate for advisory rates is not calculated by PERS.

State Contributions

The following table shows the historical amount of State contributions paid to PERS for the three pension programs and the two PERS-sponsored health care programs and the amount paid for the debt service on the State Pension Bonds.

TABLE A2-7
STATE CONTRIBUTIONS TO PERS AND PERS-RELATED DEBT SERVICE
(IN MILLIONS)

Fiscal Year Ended 6/30	State Employer Contribution to PERS[1] ($)	Percent Change (%)	Employee Contribution Paid By State[2] ($)	POB Debt Service[3] ($)	Total ($)	Percent Change (%)
2010	73.7	(52.5)	142.3	136.9	352.9	(15.9)
2011	86.7	17.6	142.8	142.7	372.2	5.5
2012	230.7	166.1	139.2	148.8	518.7	39.4
2013	232.7	0.9	141.4	155.1	529.2	2.0
2014	249.4	7.2	150.5	161.7	561.6	6.1
2015[4]	169.6	(32.0)	129.4	168.6	467.6	(16.7)
2016	224.5	32.4	129.6	175.7	529.8	13.3
2017	207.7	(7.5)	95.2	183.2	486.1	(8.2)
2018	314.3	51.3	76.8	191.0	582.1	19.7
2019	333.1	6.0	49.5	199.1	581.7	-0.1

Sources: State of Oregon Comprehensive Annual Financial Report (CAFR), Note Disclosure 14 & 15 for FY 2016 through FY 2019; Note Disclosure 15 and 16 for FY 2010 through 2015; and Oregon State Treasurer. Covered payroll amounts used to derive employee contributions for FY 2009 through FY 2011 are from the RHIPA Schedule of Funding Progress in the State's CAFR for each fiscal year.

(1) Amount includes employer contributions for the primary government, but excludes component units. Amount includes employer contributions for RHIA and RHIPA, but excludes all other retirement plans other than PERS and does not include employer paid employee contributions.

(2) The State pays employee contributions into the Individual Account Program (IAP). Amounts for FY 2009 through FY 2011 are estimates derived from PERS covered payroll for the calendar year ended within the fiscal year reported, based on 6 percent employee contribution rate. Amounts for FY 2012 through FY 2018 are sourced from Employee Retirement Plans note disclosures in the State's CAFR for each fiscal year.

(3) Fiscal Year State Pension Bonds debt service. The State issued Pension Bonds October 31, 2003. As of June 30, 2019, $1.49 billion principal amount of State Pension Bonds remain outstanding.

(4) Beginning with FY 2015, three public universities (OSU, UO & PSU) were reported as component units, which contributed to a significant decrease in the State's employer contributions. In addition, employer rates declined from the 2013-15 to 2015-17 biennium, which also contributed to the reduction.

Changes in Financial Reporting for Pension Plans

The Governmental Accounting Standards Board (GASB) adopted new pension accounting standards effective for the June 30, 2014 fiscal year, which differed from historical methodologies used by the State for funding purposes and those used to represent funded status. Among the changes to the GASB standards are the inclusion of pension liabilities on a government's balance sheet; mark to market valuation of assets; lower actuarial discount rates; and the recognition of differences between expected and actual demographic and investment experience are recognized incrementally over a closed period when reporting annual employer pension expense. The new accounting standards affect financial reporting but do not require changes to funding policies. GASB required disclosures appear annually in the CAFR.

Total and Net Pension (Asset)/Liability

Beginning with the fiscal year ended June 30, 2014, the PERS began reporting financial information in conformity with new accounting and financial reporting requirements applicable to pension plans. Beginning with the fiscal year ended June 30, 2015, the State began reporting financial information in conformity with the new accounting and financial reporting requirements applicable to employers who participate in pension plans, which significantly changed the way pension liabilities are reported in their CAFRs by states and local governments. As a result of these changes, the State reports its Net Pension (Asset)/Liability based upon the State's proportionate share of the PERS system-wide Net Pension (Asset)/Liability. The following table shows the historical changes in Net Pension (Asset)/Liability of the PERS defined benefit pension plan for fiscal year 2016 through fiscal year 2019. In addition, the table shows the State's proportionate share of the Net Pension (Asset)/Liability as reported in the Statement of Net Position in the comprehensive annual financial reports for fiscal year 2016 through fiscal year 2018. Due to the timing of when information is available to participating employers, there is a one-year lag in the measurement date and the valuation date for the State's share.

TABLE A2-8
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
HISTORICAL CHANGES IN NET PENSION (ASSET)/LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30
(IN MILLIONS)

Defined Benefit Pension Plan (PERS)	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
Total Pension Liability(1)				
Service Cost(2)	$ 1,016.8	$ 1,105.5	$ 1,108.2	$ 1,146.4
Interest on Total Pension Liability	5,355.3	5,662.2	5,858.2	5,952.1
Effect of Plan Changes(3)	-	-	-	(50.6)
Changes in Benefit Terms	-	-	-	-
Changes in Assumptions	3,946.4	-	2,240.3	-
Differences Between Expected and Actual Experience	317.3	351.8	74.3	804.2
Benefit Payments	(4,206.5)	(4,362.2)	(4,656.6)	(4,827.0)
Net Change in Total Pension Liability	6,429.3	2,757.3	4,624.4	3,025.1
Total Pension Liability - Beginning	70,665.1	77,094.4	79,851.7	84,476.1
Total Pension Liability - Ending	77,094.4	79,851.7	84,476.1	87,501.2
Plan Fiduciary Net Position - Ending	62,082.1	66,371.7	69,327.5	70,203.7
Net Pension Liability/(Asset)(4)	$15,012.3	$13,480.0	$15,148.6	$17,297.5
Measurement Date	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Valuation Date	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Discount Rate(5)	7.50%	7.50%	7.20%	7.20%

State of Oregon Employer(6)	**FY 2016**	**FY 2017**	**FY 2018**	
Proportionate Share of Net Pension Liability/(Asset)(7)	20.7%	20.7%	21.1%	
State's Net Pension Liability/(Asset)(4)	$3,105.3	$2,793.2	$3,193.5	
Covered Payroll	$2,154.3	$2,293.0	$2,188.5	
States' Net Pension Liability/(Asset) as a Percentage of Covered Payroll	144.1%	121.8%	145.9%	
Measurement Date	6/30/2016	6/30/2017	6/30/2018	
Valuation Date	12/31/2014	12/31/2015	12/31/2016	

Sources: Comprehensive Annual Financial Reports (CAFRs) of the Oregon Public Employees Retirement System for PERS Plan, and of the State of Oregon for State employer reporting for each fiscal year.

(1) Total pension liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service in conformity with requirements of GASB Statement No. 67. The actuarial present value of projected benefit payments are projected benefit payments discounted to reflect the expected effects of the time value (present value) of money.
(2) Service cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
(3) Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of $195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future benefits for certain active members are now projected to be lower than prior to the legislation.
(4) Includes side accounts.
(5) The Discount Rate is as of the Valuation Date.
(6) Employer reporting in CAFR is based upon a measurement date one year prior to the fiscal year end reporting date and a valuation date that lags by one year the valuation date used for pension plan reporting. In addition, the implementation of Governmental Accounting Standards Board statements on pension accounting and financial reporting for employers was one year later than standards applicable to pension plans; therefore, fiscal year 2015 is the first year applicable to employer reporting.
(7) Excludes entities reported as component units in the State's Comprehensive Annual Financial Report.

Other Post-Employment Benefits (OPEB)

In addition to pension benefits provided through PERS, the State provides healthcare benefits (medical, vision and dental) through two PERS health insurance programs and through PEBB. At the time of retirement, State employees can choose whether to obtain post-employment benefits through

PERS or through PEBB. Approximately 45,113 retirees receive healthcare benefits through PERS health insurance programs and approximately 995 retirees receive healthcare benefits through PEBB.

PERS-Sponsored Retirement Health Insurance Account Plan ("RHIA")

Retirees who receive pension benefits through the T1/T2 Pension Programs and are enrolled in certain PERS-administered health insurance programs may receive a subsidy towards the payment of health insurance premiums. ORS 238.420 established the Retirement Health Insurance Account program under which qualified retirees may receive a subsidy for Medicare supplemental health insurance of up to $60 per month towards the cost of their health insurance premiums. The State's employer contribution rate for the RHIA program for the 2019-21 biennium was 0.18 percent of payroll and was a component of the estimated State blended employer contribution rate of 17.06 percent for the 2019-21 biennium. As of December 31, 2018, the RHIA program has an unfunded actuarial liability of approximately $(159.1) million representing a funded ratio of approximately 138.6 percent, of which $(47.1) million is allocable to the State.

TABLE A2-9
RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)
HISTORICAL ACTUARIAL FUNDED RATIOS
(IN MILLIONS)

Calendar Year Ending	Program UAL ($)	Program Funded Ratio (%)	State Share of UAL ($)
2009	296.9	41.9	82.7
2010	314.8	42.5	85.6
2011	221.5	52.0	61.6
2012	180.2	61.8	50.6
2013	120.1	74.7	34.7
2014	72.5	84.5	21.4
2015	46.3	90.0	13.6
2016	(1.3)	100.3	(0.4)
2017	(115.7)	126.4	(33.6)
2018	(159.1)	138.6	(47.1)

Source: Actuarial valuations of System and State actuarial valuation reports; PERS.

PERS-Sponsored Retiree Health Insurance Premium Account Plan ("RHIPA")

Another subsidy is available to pre-Medicare-age State retirees through the Retiree Health Insurance Premium Account plan. On or before January 1 of each year, the PERS Board calculates the average difference between the health insurance premiums paid by retired State employees under contracts entered into by the PERS Board and health insurance premiums paid by State employees who are not retired. RHIPA authorizes payment of this average difference to qualified retired State employees. The State's employer contribution rate for the RHIPA program for the 2019-21 biennium was 0.27 percent of payroll and was a component of the estimated State blended employer contribution rate of 17.06 percent for the 2019-21 biennium. As of December 31, 2018, the RHIPA program had an unfunded actuarial liability of approximately $24.3 million, representing a funded ratio of approximately 61.3 percent, all of which is allocable to the State.

TABLE A2-10
RETIREE HEALTH INSURANCE PREMIUM ACCOUNT (RHIPA)
HISTORICAL ACTUARIAL FUNDED RATIOS
(IN MILLIONS)[(1)]

Calendar Year Ending	Program UAL ($)	Program Funded Ratio (%)
2008	15.6	26.7
2009	18.1	26.1
2010	28.2	16.8
2011	29.9	13.2
2012	55.9	7.3
2013	55.9	8.6
2014	63.3	10.2
2015	56.6	16.5
2016	48.8	28.1
2017	39.6	43.0
2018	24.3	61.3

Source: Actuarial valuations of System.

(1) RHIPA benefits are only available to State employees; therefore, the RHIPA plan UAL is allocable entirely to the State.

Net OPEB (Asset)/Liability

Beginning with the fiscal year ended June 30, 2017, PERS began reporting financial information in conformity with new accounting and financial reporting requirements applicable to other postemployment benefit ("OPEB") plans. Beginning with the fiscal year ended June 30, 2018, the State began reporting financial information in conformity with new accounting and financial reporting requirements applicable to employers who participate in OPEB plans, which significantly changed the way OPEB liabilities are reported by states and local governments in their annual financial reports. The new accounting standards affect financial reporting, but do not require changes to funding policies.

The following table shows the historical changes in Net OPEB (Asset)/Liability of the PERS Retirement Health Insurance Account (RHIA) plan for fiscal year 2017 through 2019. In addition, the table shows the State's proportionate share of the Net OPEB (Asset)/Liability as reported in the Statement of Net Position in the comprehensive annual financial report for fiscal year 2019. Due to the timing of when information is available to participating employers, there is a one-year lag in the measurement date and the valuation date for the State's share.

TABLE A2-11
RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)
HISTORICAL CHANGES IN NET OPEB (ASSET)/LIABILITY
(IN MILLIONS)

	FY 2017	FY 2018	FY 2019
Total OPEB Liability [1]			
Service cost[2]	$ 3.4	$ 3.1	$ 2.5
Interest on Total OPEB Liability	33.8	34.2	32.4
Changes in Benefit Terms	-	-	-
Changes in Assumptions	-	(0.5)	-
Differences Between Expected and Actual Experience	-	(9.1)	(32.3)
Benefit Payments	(31.2)	(32.5)	(32.2)
Net Change in Total OPEB Liability	6.0	(4.8)	(29.6)
Total OPEB Liability – Beginning	464.0	470.0	465.2
Total OPEB Liability – Ending	470.0	465.2	435.6
Plan Fiduciary Net Position – Ending	511.8	576.8	628.9
Net OPEB (Asset)/Liability	$(41.8)	$(111.6)	$(193.3)
Measurement Date	6/30/2017	6/30/2018	6/30/2019
Valuation Date	12/31/2015	12/31/2016	12/31/2017
Discount Rate	7.5%	7.2%	7.2%
State of Oregon Employer[3]			
Proportionate Share of Net OPEB (Asset)/Liability[4]	23.3%	22.9%	
State's Net OPEB (Asset)/Liability	$(9.7)	$(25.5)	
Covered Payroll	$2,293.0	$2,188.5	
State's Net OPEB as a Percentage of Covered Payroll	(0.4%)	(1.2%)	
Measurement Date	6/30/2017	6/30/2018	
Valuation Date	12/31/2015	12/31/2016	

Sources: Comprehensive Annual Financial Reports of the Oregon Public Employees Retirement System for OPEB plan, and of the State of Oregon for State employer reporting for each fiscal year.

(1) Total OPEB liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service in conformity with requirements of GASB Statement No. 74. The actuarial present value of projected benefit payments are discounted to reflect the expected effects of the time value of money.

(2) Service cost is the portion of the actuarial present value of projected benefit payments attributed to a valuation year.

(3) Employer reporting in CAFR is based upon a measurement date one year prior to the fiscal year end reporting date and a valuation date that lags by one year the valuation date used for OPEB plan reporting. In addition, the implementation of GASB statements on OPEB accounting and financial reporting for employers was one year later than standards applicable to OPEB plans; therefore, the fiscal year 2018 CAFR is the first year applicable to employer reporting. Fiscal year for employer reported amounts are as of the measurement date.

(4) Excludes entities reported as component units in the State's CAFR.

The following table shows the historical changes in Net OPEB (Asset)/Liability of the PERS Retiree Health Insurance Premium Account ("RHIPA") plan for fiscal years 2017 through 2019. In addition, the table shows the State's proportionate share of the Net OPEB (Asset)/Liability as reported in the Statement of Net Position in the comprehensive annual financial report for fiscal year 2019. Although the RHIPA plan is considered a single-employer plan for financial reporting purposes, some of the State's component units participate in the plan. Therefore, the proportionate share reported by the State excludes amounts attributed to component units. Due to the timing of when information is available to participating employers, there is a one-year lag in the measurement date and the valuation date for the State's share.

TABLE A2-12
RETIREE HEALTH INSURANCE PREMIUM ACCOUNT (RHIPA)
HISTORICAL CHANGES IN NET OPEB (ASSETS)/LIABILITY
(IN MILLIONS)

	FY 2017	FY 2018	FY 2019
Total OPEB Liability [1]			
Service cost[2]	$ 1.5	$ 1.5	$ 1.5
Interest on Total OPEB Liability	5.0	5.2	5.0
Changes in Benefit Terms	-	-	-
Changes in Assumptions	-	0.4	-
Differences Between Expected and Actual Experience	-	(3.0)	(0.3)
Benefit Payments	(4.3)	(4.7)	(4.5)
Net Change in Total OPEB Liability	2.2	(0.6)	1.7
Total OPEB Liability – Beginning	68.7	70.9	70.3
Total OPEB Liability – Ending	70.9	70.3	72.0
Plan Fiduciary Net Position – Ending	24.3	35.0	46.7
Net OPEB (Asset)/Liability	$46.6	$35.3	$25.3
Measurement Date	6/30/2017	6/30/2018	6/30/2019
Valuation Date	12/31/2015	12/31/2016	12/31/2017
Discount Rate	7.5%	7.2%	7.2%
State of Oregon Employer[3]			
Proportionate Share of Net OPEB (Asset)/Liability[4]	74.9%	77.1%	
State's Net OPEB (Asset)/Liability	34.9	27.2	
Covered Payroll	1,327.1	1,165.3	
State' Net OPEB as a Percentage of Covered Payroll	2.6%	2.3%	
Measurement Date	6/30/2017	6/30/2018	
Valuation Date	12/31/2015	12/31/2016	

Sources: Comprehensive Annual Financial Reports of the Oregon Public Employees Retirement System for OPEB plan, and of the State of Oregon for State employer reporting for each fiscal year.

(1) Total OPEB liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service in conformity with requirements of GASB Statement No. 74. The actuarial present value of projected benefit payments are discounted to reflect the expected effects of the time value of money.
(2) Service cost is the portion of the actuarial present value of projected benefit payments attributed to a valuation year.
(3) Employer reporting in CAFR is based upon a measurement date one year prior to the fiscal year end reporting date and a valuation date that lags by one year the valuation date used for OPEB plan reporting. In addition, the implementation of GASB statements on OPEB accounting and financial reporting for employers was one year later than standards applicable to OPEB plans; therefore, the fiscal year 2018 CAFR is the first year applicable to employer reporting. Fiscal year for employer reported amounts are as of the measurement date.
(4) Excludes entities reported as component units in the State's CAFR.

PEBB Retiree Health Insurance Benefit Plan

In addition to the explicit pension and healthcare benefits provided to retired State employees through PERS, the State provides an implicit rate subsidy for healthcare benefits (medical, vision and dental) through PEBB to approximately 995 retirees (as of June 30, 2019) who do not receive healthcare benefits through PERS and are not yet eligible for Medicare. This PEBB's rate subsidy is considered a State obligation for accounting purposes to comply with OPEB standards ("GASB 75"). The PEBB OPEB obligation exists because the State is providing an implicit rate subsidy to retirees to purchase healthcare through the PEBB at the same premium amount as active employees.

The State's actuary for PEBB prepared an actuarial valuation as of July 1, 2017 (the "2017 PEBB Valuation") for purposes of complying with the OPEB standards. The valuation was prepared using the Entry Age Normal actuarial cost method. Significant assumptions used in the actuarial valuation include projected payroll growth of 3.5 percent and a 3.5 percent discount rate. Under GASB 75, pay-as-you-go plans must use a discount rate that reflects a yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate assumed for the June 30, 2018 reporting date reflects the Bond Buyer 20-Year General Obligation Bond Index. The valuation uses a medical healthcare cost inflation adjustment of 5.1 percent for 2019, 5.3 percent for 2020, 5.1 percent for 2021, an average of 5.6 percent between fiscal years 2022 and 2046, and the rate grades down from 5.6 percent to 4.2 percent between fiscal years 2047 and 2097. The dental healthcare cost inflation adjustment was 3.1 percent for 2019 and 4 percent for all subsequent fiscal years. The plan's inflation assumption is 2.5 percent. There is no contractual obligation for this pooled healthcare program, but it is being calculated in the Valuation and reported in the State's financial statements as a means to comply with OPEB standards.

The following table shows historical changes in the Total OPEB Liability of the PEBB OPEB plan and the State's proportionate share of the Total OPEB Liability as reported in the Statement of Net Position in the comprehensive annual financial report for fiscal years 2018 and 2019. The proportionate share reported by the State excludes amounts attributed to component units that participate in the PEBB plan. Since the PEBB plan is on a pay-as-you-go-basis, there are no assets being accumulated to pay benefits and therefore the liability is reported as a total, rather than net, liability. The PEBB does not issue a separate, publicly available financial report. The Total OPEB Liability and the State's proportionate share in the table below are as of the same measurement date and valuation date.

TABLE A2-13
PUBLIC EMPLOYEES BENEFIT BOARD (PEBB)
HISTORICAL CHANGES IN TOTAL OPEB LIABILITY
(IN MILLIONS)

	FY 2018	FY 2019
Total OPEB Liability [1]		
Service cost[2]	$ 9.3	$ 9.1
Interest on Total OPEB Liability	5.4	6.0
Effect of Changes in Benefit Terms	-	-
Effect of Economic/Demographic Gains or Losses	-	-
Effect of Assumptions Changes or Inputs	(3.7)	5.0
Benefit Payments	(7.2)	(7.5)
Net Change in Total OPEB Liability	3.8	12.6
Total OPEB Liability – Beginning	144.8	148.6
Total OPEB Liability – Ending [3]	$148.6	$161.2
Measurement Date	6/30/2018	6/30/2019
Valuation Date	7/1/2017	7/1/2018
Discount Rate	3.87%	3.50%
State of Oregon Employer		
Proportionate Share of Net OPEB (Asset)/Liability[4]	73.0%	73.7%
State's Total OPEB (Asset)/Liability	$108.5	$118.8
Covered Payroll	$2,381.7	$2,700.5
State's Total OPEB as a Percentage of Covered Payroll	4.6%	4.4%
Measurement Date	6/30/2018	6/30/2019
Valuation Date	7/1/2017	7/1/2018

Sources: Comprehensive Annual Financial Reports of the State of Oregon.

(1) Total OPEB liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service. The actuarial present value of projected benefit payments are discounted to reflect the expected effects of the time value of money.

(2) Service cost is the portion of the actuarial present value of projected benefit payments attributed to a valuation year.

(3) The PEBB plan does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. Therefore a total rather than net OPEB liability is reported.

(4) Excludes entities reported as component units in the State's CAFR.

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APPENDIX B

OREGON DEPARTMENT OF TRANSPORTATION
ANNUAL FINANCIAL REPORT (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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OREGON DEPARTMENT OF TRANSPORTATION

Annual Financial Report

For the Fiscal Year Ended June 30, 2019

"ODOT provides a safe and reliable multimodal transportation system that connects people and helps Oregon's communities and economy thrive."

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State of Oregon
Department of Transportation
Annual Financial Report
For the Fiscal Year Ended June 30, 2019

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Oregon

Kate Brown, Governor

Department of Transportation
Financial Services
355 Capitol St NE
MS#21
Salem, OR 97301

December 31, 2019

To the Honorable Governor Kate Brown, and Citizens of the State of Oregon:

The Oregon Department of Transportation (Department) is pleased to present its annual financial report for the fiscal year ended June 30, 2019. The Department produces a non-audited annual financial report based on generally accepted accounting principles prescribed by the Governmental Accounting Standards Board. The financial data summarized in the annual financial report comes from the Department's detailed financial data and the Oregon Statewide Financial Management Application. The financial data in the Department's annual financial report supports the audited State of Oregon Comprehensive Annual Financial Report.

Per Oregon Revised Statute (ORS) 184.637, the responsibility for the accuracy of the data and the overall completeness of this report, including all disclosures, rests with the chief financial officer of the Department. To the best of the Department's knowledge, the financial activity presented in this report accurately and fairly presents the Department's financial position and results of operations. The report includes all disclosures necessary to enable the reader to gain an understanding of the Department's financial activities.

The primary responsibilities of the Department include management of the state's highway and bridge system and the administration of laws related to fuels taxation, motor vehicles, motor carriers, safety, rail/public transit, and transportation development.

The Oregon Transportation Commission (OTC) is a five-member, volunteer citizens' board established by ORS 184.612. The OTC, in cooperation with the governor, appoints the director of the Department. The governor appoints the members of the OTC to four-year terms. In addition to providing policy direction for the Department, the OTC is empowered to:

- Develop and maintain state transportation policies related to the management, construction, and maintenance of highways, aviation, ports, rail, and other transportation systems.
- Develop and maintain a comprehensive 20-year long-range plan of projects that can be accomplished using resources reasonably expected to be available.
- Coordinate and administer programs relating to highways, motor vehicles, rail/public transit, bike/pedestrian, transportation safety, and other transportation-related programs.
- Review and approve proposed transportation projects described in the Statewide Transportation Improvement Program (STIP).
- Coordinate with cities and counties to develop standards to consistently describe and report the condition of the transportation infrastructure across Oregon.

Per ORS 184.637 and ORS 184.638, the chief financial officer’s responsibilities include compiling adequate accounting data for the preparation of financial statements. The Department’s internal controls provide reasonable assurance that the Department meets this objective. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by Department management.

The Department’s internal control system includes both automated controls and comprehensive policies and procedures. In addition, the Department has an Office of Audit Services that maintains an independent and objective position within the Department. The Office of Audit Services performs independent internal audits of programs and divisions within the Department in accordance with generally accepted government auditing standards.

MISSION STATEMENT

To provide a safe and reliable multimodal transportation system that connects people and helps Oregon's communities and economy thrive.

OUR VALUES

These principles inform decision making and guide our behavior in working with each other, our partners, and the communities we serve:

Integrity: We are accountable and transparent with public funds and hold ourselves to the highest ethical standards.

Safety: We share ownership and responsibility for ensuring safety in all that we do.

Equity: We embrace diversity and foster a culture of inclusion.

Excellence: We use our skills and expertise to continuously strive to be more efficient, effective, and innovative.

Unity: We work together as One ODOT to provide better solutions and ensure alignment in our work.

OUR STRATEGIES

- Provide outstanding customer service.
- Use innovative program design and technologies to solve transportation problems.
- Improve the return on investment of our transportation funds.
- Attract, retain, and develop an outstanding ODOT workforce.
- Engage the public, other state agencies, local governments, business, and community leaders in solving transportation problems and planning for the future.
- Increase intermodal linkages to improve access for people and goods.
- Communicate, educate, and inform the public about transportation issues.

OREGON TRANSPORTATION INVESTMENT ACT

Beginning in 2001, the Legislative Assembly passed a series of bills known collectively as the Oregon Transportation Investment Act (OTIA). The first bill authorized the state to issue $400 million in net proceeds of Highway User Tax Revenue Bonds for modernization and preservation projects (OTIA I). In a 2002 Special Session, the Legislative Assembly authorized an additional $100 million in net proceeds of Highway User Tax Revenue Bonds (OTIA II) for the same general purposes as OTIA I. In 2003, the Legislative Assembly authorized an additional $1.9 billion in net proceeds of Highway User Tax Revenue Bonds for replacement and repair of bridges on state, county, and city highways and modernization projects (OTIA III). Collectively, the programs under OTIA I, II, and III are referred to as OTIA or the OTIA Program.

The OTIA program made a significant contribution to Oregon jobs and the Oregon economy. The program enhanced the state's economy and provided for a revitalized transportation infrastructure.

The OTIA Bond Program

In 2007, the Department completed issuance of the $500 million net proceeds of Highway User Tax Revenue Bonds under the OTIA I and II authority, and in 2010 the Department completed issuance of $1.9 billion net proceeds of Highway User Tax Revenue Bonds authorized under OTIA III. Of the $2.4 billion of bonds issued for OTIA projects, as of June 30, 2019, approximately $1.6 billion of principal is outstanding.

THE JOBS AND TRANSPORTATION ACT

In 2009, the Legislative Assembly enacted the Oregon Jobs and Transportation Act of 2009 (JTA). JTA, as amended, authorized a number of programs including, among other things, $840 million in net proceeds of Highway User Tax Revenue Bonds to finance a specific list of projects set out in JTA (the JTA projects) and $100 million in lottery revenue bonds for the Connect Oregon III program to provide financing for multimodal transportation facilities.

The JTA projects consist of 37 specific highway projects plus allocations for 14 additional projects selected by local governments in eastern Oregon, for a total of 51 JTA projects. The Legislative Assembly approved certain fee and tax increases in JTA to, among other things, provide additional revenues for JTA projects and to pay debt service on highway user tax revenue bonds including bonds issued to finance the JTA projects.

The JTA Bond Program

The state issued three series of Highway User Tax Revenue Bonds, including State of Oregon Department of Transportation Highway User Tax Revenue Bonds, Senior Lien Bonds, Series 2013A; State of Oregon Department of Transportation Highway User Tax Revenue Subordinate Lien Bonds, Series 2017S-2; and State of Oregon Department of Transportation Highway User Revenue Bonds Senior Lien Bonds, Series 2017A, for JTA Projects and has no remaining bond authorization under JTA. As of June 30, 2019, approximately $693.3 million of the JTA program bond principal is outstanding.

For more information see https://www.oregon.gov/ODOT/pages/jta.aspx

THE KEEP OREGON MOVING ACT

The Legislative Assembly approved the Keep Oregon Moving Act during its 2017 Legislative Session to address transportation improvement, modernization, and preservation throughout the state. Among other things, the Keep Oregon Moving Act provides revenues from new or increased fees and taxes that are to be deposited to the State Highway Fund, to the Connect Oregon Fund, or other funds established for specified purposes, including for safe routes to schools, congestion relief, and transit. The Keep Oregon Moving Act became law on August 18, 2017.

The Keep Oregon Moving Act Bond Program

The Keep Oregon Moving Act authorizes the issuance of $480 million in net proceeds of Highway User Tax Revenue Bonds. The provisions authorizing the new bonds become operative on January 1, 2020; current law does not authorize the state and the Department to issue additional Highway User Tax Revenue Bonds before January 1, 2020. The Legislative Assembly must approve biennial authorization for Highway User Tax Revenue Bonds issued pursuant to the Keep Oregon Moving Act on or after January 1, 2020. The proceeds of Highway User Tax Revenue Bonds authorized by the Keep Oregon Moving Act are designated to finance projects in regions across the state. The Department is authorized to use amounts produced by certain increases in taxes and fees under the Keep Oregon Moving Act to pay debt service on Highway User Tax Revenue Bonds.

For more information see https://www.oregon.gov/ODOT/Pages/HB2017.aspx

ECONOMIC CONDITIONS AND OUTLOOK

Oregon continues to see healthy rates of growth when it comes to employment, income, and gross domestic product. However the state is no longer significantly outpacing the nation as it was a couple of years ago. While local job gains are effectively matching the average state in recent quarters, forthcoming U.S. revisions will widen the gap a bit.

The slower pace of job gains today is not unexpected. To date it appears that the slower net employment growth is due to higher employment rates among working-age Oregonians, increasing baby boomer retirements, and slower in-migration in a mature expansion. Unemployment is not increasing, and new entrants into the labor market represent the largest share of Oregonians currently unemployed. Overall the slowing in Oregon job growth appears to be for good economic reasons.

Like the nation overall, the Oregon economic outlook calls for ongoing but slower growth from today's relatively strong vantage point. This has a few different implications for firms and households.

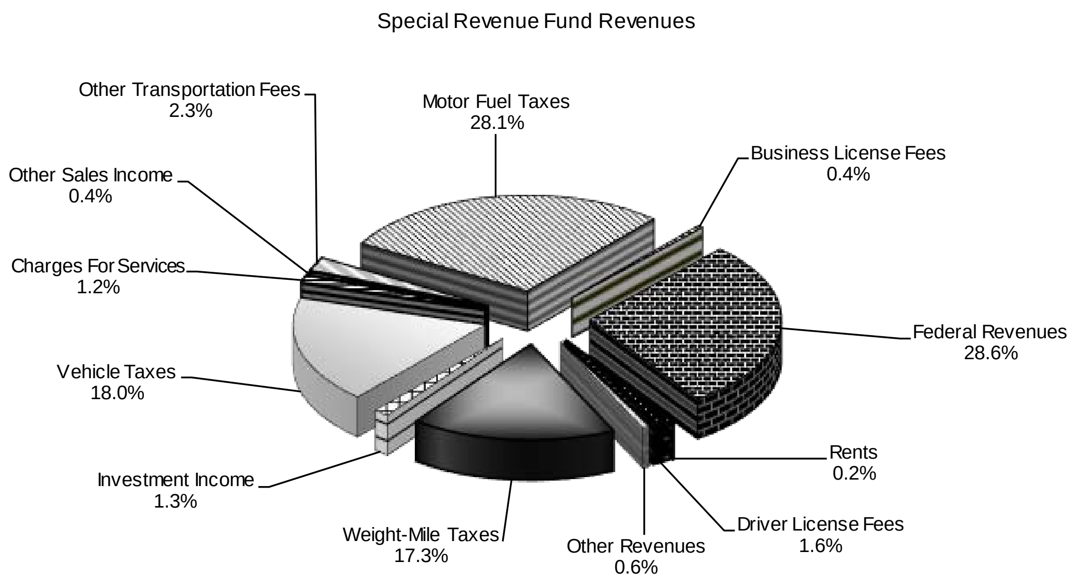
For households, a slowing economic outlook still brings good news, although a recession clearly does not. For Oregonians not working today, there has not been this strong of a labor market since the late 1990s. Job openings remain plentiful and firms are more willing to overlook incomplete skill sets or gaps on resumes in order to hire and expand. A strong economy cannot overcome structural mismatches in terms of skills or geography, but it does ease cyclical and frictional reasons for unemployment. For those already working, a tighter labor market raises wage growth. The outlook calls for four percent average wage growth per year, similar to what Oregon has experienced in recent years.

Overall household income growth is expected to slow even if per worker wage growth remains strong. The reason is that household incomes, at least for those in the middle of the distribution, are largely about whether or not a household member is working, how many hours they are working, and then their hourly wage. Even if the latter two items remain strong, and expectations are they will be, the slowdown in job growth overall will likely translate into relatively smaller increases in household income as most members of working-age households already have a job. Going from no job to any job is usually a bigger increase in income than going from a part-time job to a full-time job. That said, the strong labor market should continue to result in strong income gains from those in the lower parts of the distribution.

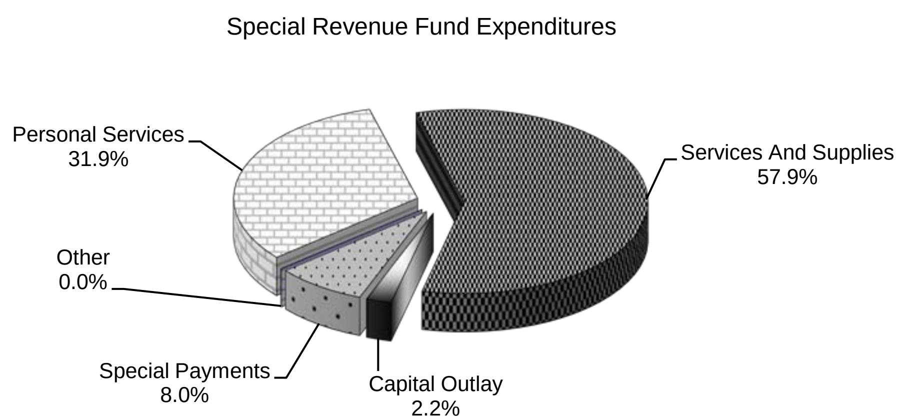
FINANCIAL ANALYSIS OF THE DEPARTMENT'S GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources such as taxes, licenses, and other revenue allocated by law to specific purposes. The Department accounts for 84.3% of its expenditures in special revenue funds. The other 15.7% of the expenditures are in debt service funds (14.4%), capital project funds (0.8%), and general fund (0.5%). Special revenue fund revenues include taxes (63.4%) and federal revenues (28.6%). Special revenue fund revenues increased from $2.0 billion in 2018 to $2.2 billion in 2019.



Special revenue fund expenditures are composed primarily of services and supplies (57.9%), which include payments for highway construction contracts. Personal services payments include salaries, benefits, and related expenditures. Special payments include distributions to governmental entities and others. Capital outlay payments include machinery, equipment, and related expenditures.



FINANCIAL INTRODUCTION

The financial introduction section presents an overview of the financial performance of the Department for the fiscal year ended June 30, 2019. It serves as an introduction to the Department's basic financial statements and focuses on significant financial matters.

FINANCIAL HIGHLIGHTS

Fund Level
As of June 30, 2019, the Department's governmental funds reported combined ending fund balances of $992.5 million, compared to $946.2 million for the previous year.

Long-Term Debt
The Department's total long-term debt decreased by $90.0 million, or 2.8 percent, during the current fiscal year. The decrease was attributable to regular debt payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Department's basic financial statements include two components: (1) fund financial statements and (2) notes to the financial statements. In addition to the basic financial statements, the financial section of this report also contains combining financial statements for the Department's special revenue funds. A statistical section is presented following the combining financial statements.

Fund Financial Statements
The fund financial statements provide detailed information about the Department's governmental and fiduciary funds. State law and bond covenants require the Department to establish certain funds. The Department also establishes funds to account for certain taxes and grants or for specific legal purposes.

Governmental Funds – The Department reports its basic services in the governmental fund financial statements. These statements provide a detailed short-term view of the Department's operations. The Department prepares these statements in the governmental fund financial statement format using the current financial resources measurement focus and modified accrual basis of accounting.

The Department presents its governmental funds by the following fund types: general, special revenue, debt service, and capital projects. The combining financial statements provide detail for the special revenue funds.

Fiduciary Funds – Fiduciary funds account for resources held to benefit parties outside the Department or to meet regulatory requirements. Fiduciary funds are not available to support the Department's own programs. The Department reports its fiduciary fund activities within the agency funds.

Notes to the Financial Statements
The notes (located immediately following the financial statements) provide additional information intended to assist the reader in understanding the Department's financial condition.

Other Information
The combining financial statements provide additional detail about the Department's special revenue funds. A statistical section at the end of the report contains selected trend information for the Department's revenues and expenditures.

If you have questions about this report or need additional financial information, please contact the Oregon Department of Transportation, Chief Financial Officer, 355 Capitol St NE MS # 21, Salem, Oregon 97301, Phone: (503) 986-3900.

ACKNOWLEDGEMENTS

The Department's annual financial report provides citizens, taxpayers, customers, investors, and creditors with a general overview of the Department's finances and demonstrates the Department's accountability for the money it receives. The Department appreciates the efforts of the Financial Services Branch staff who contributed to the preparation of this report. Of particular note was the work of Scott Smyth and Joseph Flager under the direct supervision of Rich Brock.

Sincerely,

Kristopher W. Strickler, Director
Oregon Department of Transportation

Tracy Wroblewski
Chief Financial Officer

Principal Officers of the Oregon Department of Transportation
June 30, 2019

Oregon Transportation Commission

Commissioner	Commission Expires
Tammy Baney, Chair	June 30, 2019
Martin Callery	June 30, 2020
Julie Brown	June 30, 2020
Alando Simpson	June 30, 2022
Bob Van Brocklin	June 30, 2021

Oregon Department of Transportation

Director – Matthew Garrett

Assistant Director – Travis Brouwer

Chief Administrative Officer, Central Services Division – Robert Gebhardt

Administrator, Driver and Motor Vehicle Services Division – Tom McClellan

Administrator, Highway Division – Kris Strickler

Administrator, Motor Carrier Transportation Division – Amy Ramsdell

Administrator, Rail/Public Transit Division – Hal Gard

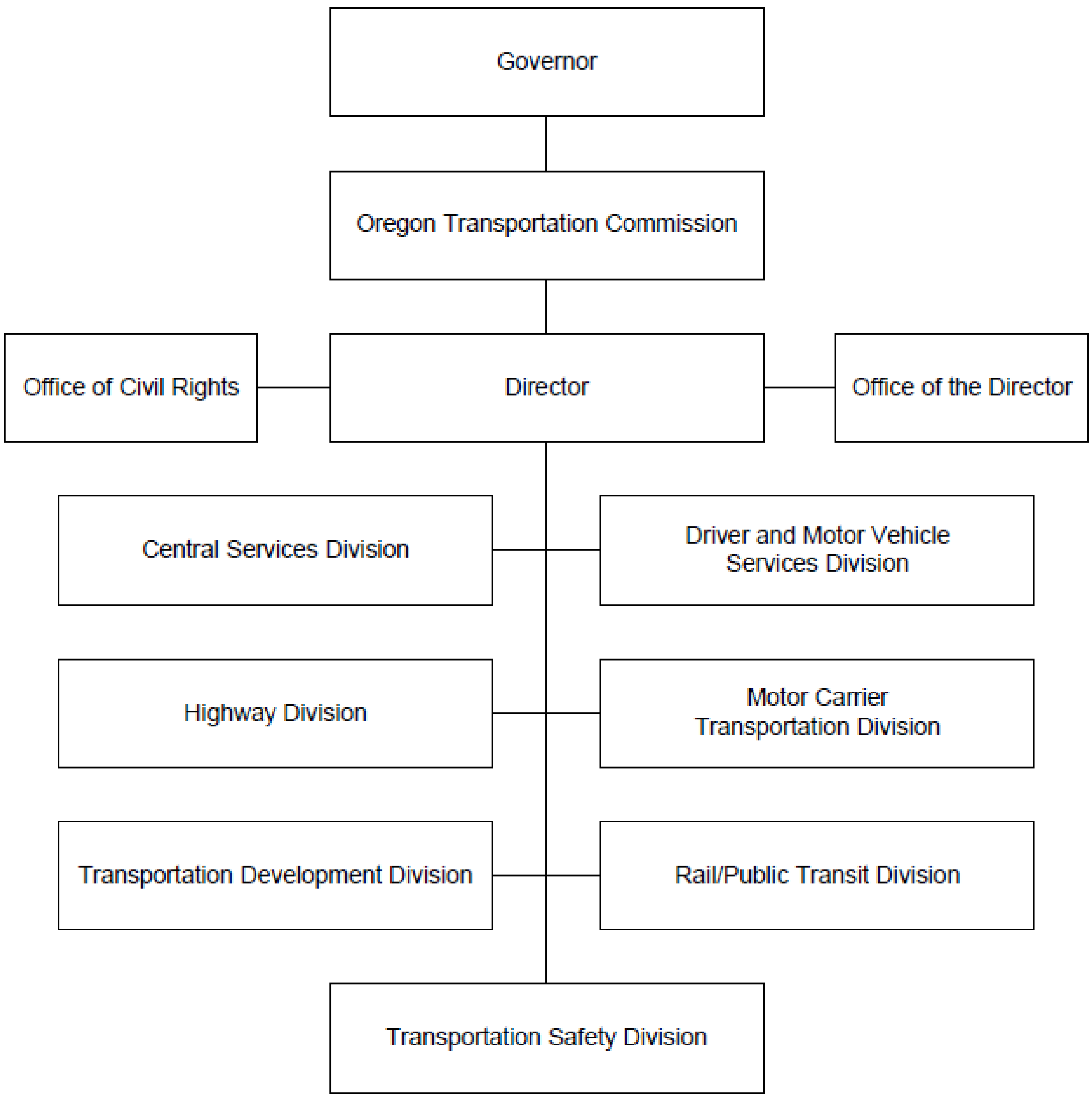
Administrator, Transportation Development Division – Jerri Bohard

Administrator, Transportation Safety Division – Troy Costales

Chief Financial Officer, Financial Services – Tracy Wroblewski

Chief Internal Auditor – Marlene Hartinger

State of Oregon
Department of Transportation
Organization Chart
June 30, 2019



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FINANCIAL SECTION

State of Oregon
Department of Transportation
Balance Sheet - All Fund Types
June 30, 2019

	Governmental Funds					Fiduciary Funds
	General	**Special Revenue**	**Debt Service**	**Capital Projects**	**Total Governmental Funds**	**Agency**
Assets						
Cash and Cash Equivalents	$ -	$ 863,644,690	$ 52,604,424	$ 17,025,544	$ 933,274,658	$ 24,829,332
Custodial Assets	-	-	-	-	-	683,677
Investments	-	86,968,558	-	-	86,968,558	-
Loans Receivable (net)	-	23,161,717	-	-	23,161,717	-
Taxes Receivable (net)	-	84,969,955	-	-	84,969,955	-
Due from Federal Government	-	58,318,772	-	-	58,318,772	-
Due from State Agencies	-	224,144,281	30,580,102	1,801,231	256,525,614	-
Other Accounts Receivable (net)	-	33,978,100	-	44,092	34,022,192	-
Inventories	-	38,337,288	-	-	38,337,288	-
Prepaid Assets	-	740,952	-	-	740,952	-
Contracts Receivable (net)	-	374,532	-	-	374,532	-
Total Assets	$ -	$ 1,414,638,845	$ 83,184,526	$ 18,870,867	$ 1,516,694,238	$ 25,513,009
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	$ -	$ 151,623,523	$ -	$ 1,963,710	$ 153,587,233	$ -
Custodial Liabilities	-	383,979	-	-	383,979	15,749,831
Due to Other Governments	-	93,557,405	-	-	93,557,405	9,763,178
Due to State Agencies	-	231,523,095	-	-	231,523,095	-
Unearned Revenue	-	45,112,374	-	-	45,112,374	-
Total Liabilities	-	522,200,376	-	1,963,710	524,164,086	25,513,009
Fund Balances:						
Nonspendable:						
Inventories	-	38,337,288	-	-	38,337,288	-
Revolving Accounts	-	500	-	-	500	-
Prepaid Assets	-	740,952	-	-	740,952	-
Restricted by:						
Oregon Constitution	-	478,164,347	83,119,364	16,907,157	578,190,868	-
Federal Laws and Regulations	-	32,453,325	-	-	32,453,325	-
Debt Covenants	-	289,409,657	65,162	-	289,474,819	-
Enabling Legislation	-	52,999,758	-	-	52,999,758	-
Committed	-	332,642	-	-	332,642	-
Total Fund Balances	-	892,438,469	83,184,526	16,907,157	992,530,152	-
Total Liabilities and Fund Balances	$ -	$ 1,414,638,845	$ 83,184,526	$ 18,870,867	$ 1,516,694,238	$ 25,513,009

The accompanying notes are an integral part of the financial statements. These statements are not audited.

State of Oregon
Department of Transportation
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues:					
Motor Fuel Taxes	$ -	$ 631,698,325	$ -	$ -	$ 631,698,325
Federal Revenues	-	643,944,178	-	-	643,944,178
Weight-Mile Taxes	-	388,304,040	-	-	388,304,040
Vehicle Registration Taxes	-	403,577,419	-	-	403,577,419
Driver License Fees	-	36,499,092	-	-	36,499,092
Other Transportation Fees	-	50,643,161	-	-	50,643,161
Charges for Services	-	27,000,786	-	-	27,000,786
Other Sales Income	-	10,932,046	-	-	10,932,046
Investment Income	-	28,961,324	648,416	552,189	30,161,929
Business License Fees	-	9,177,968	-	-	9,177,968
Rents	-	4,075,595	-	-	4,075,595
Other Revenues	-	13,498,206	10,075,958	539,693	24,113,857
Total Revenues	-	2,248,312,140	10,724,374	1,091,882	2,260,128,396
Expenditures:					
Personal Services	-	493,777,756	-	2,054,413	495,832,169
Services and Supplies	1,854,425	896,249,485	-	8,069,874	906,173,784
Capital Outlay	-	34,274,313	-	3,929,532	38,203,845
Special Payments	6,155,796	123,302,161	-	-	129,457,957
Principal and Interest	2,048,150	-	265,160,638	-	267,208,788
Other Debt Service	-	376,974	-	-	376,974
Total Expenditures	10,058,371	1,547,980,689	265,160,638	14,053,819	1,837,253,517
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,058,371)	700,331,451	(254,436,264)	(12,961,937)	422,874,879
Other Financing Sources (Uses):					
General Fund Appropriation	10,058,371	-	-	-	10,058,371
Long-Term Debt Issued	-	38,569,269	-	-	38,569,269
Transfers In - Net of Intrafund Activity	-	140,567,908	273,827,654	6,583,179	420,978,741
Transfers Out - Net of Intrafund Activity	-	(805,914,049)	(32,087,477)	(24,806)	(838,026,332)
Gain (Loss) on Sale of Capital Assets	-	331,059	-	-	331,059
Insurance Recoveries	-	1,400,910	-	-	1,400,910
Total Other Financing Sources (Uses)	10,058,371	(625,044,903)	241,740,177	6,558,373	(366,687,982)
Net Change in Fund Balances	-	75,286,548	(12,696,087)	(6,403,564)	56,186,897
Fund Balances - Beginning	-	826,971,311	95,880,613	23,311,385	946,163,309
Prior Period Adjustment	-	(12,558,104)	-	-	(12,558,104)
Change in Nonspendable Fund Balances	-	2,738,714	-	(664)	2,738,050
Fund Balances - Ending	$ -	$ 892,438,469	$ 83,184,526	$ 16,907,157	$ 992,530,152

The accompanying notes are an integral part of the financial statements. These statements are not audited.

State of Oregon
Department of Transportation
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary (Non-GAAP) Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General Fund			Special Revenue Funds		
	2017-2019 Biennial Budget	**2017-2019 Biennial Actuals**	**Variance Uncollected/ Unspent**	**2017-2019 Biennial Budget**	**2017-2019 Biennial Actuals**	**Variance Uncollected/ Unspent**
Revenues:						
Motor Fuel Taxes	$ -	$ -	$ -	$ 1,274,111,439	$ 1,218,388,304	$ 55,723,135
Federal Revenues	-	-	-	1,225,842,800	1,168,457,997	57,384,803
Weight-Mile Taxes	-	-	-	742,502,352	720,950,448	21,551,904
Vehicle Registration Taxes	-	-	-	754,788,723	770,426,691	(15,637,968)
Driver License Fees	-	-	-	81,540,099	73,152,868	8,387,231
Other Transportation Fees	-	-	-	96,506,790	99,824,008	(3,317,218)
Charges for Services	-	-	-	9,288,473	78,764,968	(69,476,495)
Other Sales Income	-	-	-	13,172,249	24,643,626	(11,471,377)
Investment Income	-	-	-	17,416,155	46,532,381	(29,116,226)
Business License Fees	-	-	-	5,414,998	17,411,084	(11,996,086)
Rents	-	-	-	1,814,806	7,881,609	(6,066,803)
Other Revenues	-	-	-	506,310,459	27,820,724	478,489,735
Total Revenues	-	-	-	4,728,709,343	4,254,254,708	474,454,635
Expenditures:						
Personal Services	-	-	-	919,675,345	955,800,235	(36,124,890)
Services and Supplies	2,912,917	3,528,554	(615,637)	2,220,944,353	1,646,777,703	574,166,650
Capital Outlay	-	-	-	21,101,128	50,301,769	(29,200,641)
Special Payments	16,444,941	15,825,497	619,444	313,315,217	184,200,743	129,114,474
Debt Service (combined)	4,098,246	4,098,246	-	-	1,028,595	(1,028,595)
Total Expenditures	23,456,104	23,452,297	3,807	3,475,036,043	2,838,109,045	636,926,998
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,456,104)	(23,452,297)	(3,807)	1,253,673,300	1,416,145,663	(162,472,363)
Other Financing Sources (Uses):						
General Fund Appropriation	23,456,104	23,452,297	3,807	-	-	-
Long-Term Debt Issued	-	-	-	37,603,821	38,569,269	(965,448)
Refunding Debt Issued	-	-	-	155,254,241	-	155,254,241
Debt Issuance Premium	-	-	-	-	-	-
Refunded Debt Payment to Escrow Agent	-	-	-	-	-	-
Transfers In (gross)	-	-	-	3,804,376,992	2,784,734,082	1,019,642,910
Transfers Out (gross)	-	-	-	(4,424,723,778)	(4,146,947,629)	(277,776,149)
Loans Made to Others	-	-	-	-	(957,700)	957,700
Loan Repayments	-	-	-	8,173,000	-	8,173,000
Gain (Loss) on Sale of Capital Assets	-	-	-	-	3,019,307	(3,019,307)
Insurance Recoveries	-	-	-	-	3,295,553	(3,295,553)
Total Other Financing Sources (Uses)	23,456,104	23,452,297	3,807	(419,315,724)	(1,318,287,118)	898,971,394
Net Change in Budgetary Fund Balances	$ -	-	$ -	$ 834,357,576	97,858,545	$ 736,499,031
Budgetary Fund Balances - Beginning		-			804,399,314	
Prior Period Adjustment		-			(12,558,104)	
Change in Nonspendable Fund Balances		-			2,738,714	
Budgetary Fund Balances - Ending		$ -			$ 892,438,469	

Debt Service Funds			Capital Projects Funds [1]		
2017-2019 Biennial Budget	2017-2019 Biennial Actuals	Variance Uncollected/ Unspent	2017-2019 Biennial Budget	2017-2019 Biennial Actuals	Variance Uncollected/ Unspent
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	1,230,839	(1,230,839)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,010,025	(1,010,025)	-	633,216	(633,216)
-	-	-	-	-	-
-	-	-	-	-	-
-	30,258,702	(30,258,702)	-	571,176	(571,176)
-	31,268,727	(31,268,727)	-	2,435,231	(2,435,231)
-	-	-	-	3,041,616	(3,041,616)
-	1,208	(1,208)	-	11,760,704	(11,760,704)
-	-	-	56,089,148	10,842,277	45,246,871
-	-	-	-	-	-
705,870,105	775,778,232	(69,908,127)	-	-	-
705,870,105	775,779,440	(69,909,335)	56,089,148	25,644,597	30,444,551
(705,870,105)	(744,510,713)	38,640,608	(56,089,148)	(23,209,366)	(32,879,782)
-	-	-	-	-	-
-	25,115,371	(25,115,371)	-	35,360,512	(35,360,512)
-	453,507,963	(453,507,963)	-	-	-
-	17,174,938	(17,174,938)	-	-	-
-	(494,814,039)	494,814,039	-	-	-
-	809,184,175	(809,184,175)	-	15,868,562	(15,868,562)
-	(77,904,840)	77,904,840	-	(15,657,629)	15,657,629
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	732,263,568	(732,263,568)	-	35,571,445	(35,571,445)
$ (705,870,105)	(12,247,145)	$ (693,622,960)	$ (56,089,148)	12,362,079	$ (68,451,227)
	95,431,671			4,545,742	
	-			-	
	-			(664)	
	$ 83,184,526			$ 16,907,157	

[1] Capital Projects Funds are budgeted on a 6-year cycle.

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NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Oregon Department of Transportation (Department) financial statements conform to the Oregon Department of Administrative Services statewide accounting and reporting policies. These accounting and reporting policies adhere to generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB). These statements have not been audited for compliance or conformity.

A. Reporting Entity

The Department became an Executive Branch agency in the State of Oregon in 1969. Its mission is to provide a safe and reliable multimodal transportation system that connects people and helps Oregon's communities and economy thrive.

The Oregon Transportation Commission (OTC), in cooperation with the governor, appoints the director of the Department. The director works with the OTC to provide direction for the Department’s programs.

The Department consists of seven divisions: Central Services, Driver and Motor Vehicle Services, Highway, Motor Carrier Transportation, Transportation Development, Rail/Public Transit, and Transportation Safety.

B. Governmental Fund Statements

<u>Fund Financial Statements</u>
The Department presents financial information for all governmental funds by fund type. Individual fund detail for the special revenue funds is provided in the *combining financial statements*.

C. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is presented in a fund. Basis of accounting describes the criteria governing the timing of the recognition of transactions and events.

<u>Governmental Fund Financial Statements</u>
The Department uses the current financial resources measurement focus and the modified accrual basis of accounting to prepare the governmental fund statements. The current financial resources measurement focus only takes into consideration those resources available for spending in the near future. Accordingly, only transactions and events affecting a fund’s current financial resources during the period are reported.

Under the modified accrual basis of accounting, revenues are recognized as soon as they become both measurable and available. Revenues become “available” if collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department considers revenues available if the Department expects to collect the revenue within 90 days of the end of the current fiscal period. The Department recognizes derived tax revenues (such as motor fuel and weight-mile taxes) in the year that the taxes become measurable and available. Federal reimbursement grants are recognized as revenue when the Department incurs the qualifying expenditures and meets all other grant requirements. Licenses and fees or cash sales of goods and services are recognized as revenue when received as cash.

The Department generally records expenditures when incurring a liability as under the accrual basis of accounting. Expenditures related to debt service, compensated absences, and claims and judgments are recognized when payment is due.

Fiduciary Fund Financial Statements
The Department uses the accrual basis of accounting for recording assets and liabilities in fiduciary funds. Because fiduciary funds are custodial in nature, they do not measure the results of operations.

D. Basis of Presentation

The Department records its financial activities in individual funds. A fund is defined as a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Fund accounting demonstrates legal compliance and aids in financial management by segregating transactions related to certain governmental functions or activities.

Governmental Funds
The *General Fund* accounts for the activities of the Department financed with general tax revenues of the State of Oregon.

Special Revenue Funds account for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes.

Debt Service Funds account for the accumulation of resources for the payment of principal and interest on general obligation bonds, revenue bonds, and certificates of participation.

Capital Projects Funds account for financial resources segregated for the construction, improvement, and acquisition of capital assets.

Fiduciary Funds
Agency Funds account for assets held in a custodial capacity or as an agent for individuals, private organizations, or other governmental units.

E. Assets, Liabilities, and Fund Balance

Deposits and Investments
Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less at date of purchase. In addition to deposits in the statewide cash management pool, the Department may also have cash deposits with fiscal agents outside of the State Treasurer.

The State Treasurer designates and holds certain investments for the Department. Other investments may be held by the Department's fiscal agent. The Department reports all investments (including equity in pooled investments) at fair value.

Receivables and Payables
Advances to/from Other Funds represent lending/borrowing arrangements outstanding at the end of the fiscal year. All other outstanding balances between funds are reported as *Due to/from Other Funds*.

The Department states receivables net of allowances for uncollectible amounts. The uncollectible amounts are based on Department policy, collection experience, and a review of the status of existing receivables.

<u>Inventories</u>
The Department uses the first-in/first-out method for cost valuation of inventories of materials and supplies in its governmental funds. Reported inventories in governmental funds are equally offset by nonspendable fund balance.

<u>Capital Assets</u>
The Department values capital assets, which include land, buildings, equipment, and infrastructure assets, at historical cost or, if donated, at the estimated acquisition value at the date of donation. The Department added infrastructure as a capital asset beginning July 1, 2001, when the state highway and bridge system was added in accordance with GASB Statement No. 34. All additions to infrastructure assets, beginning July 1, 2001, were added based on cost. In the governmental fund statements, capital assets are charged to expenditures when acquired. Capital assets are not reported in the financial statements, but are included in the notes to the financial statements.

The Department defines a capital asset as an asset costing $5,000 or more that has an estimated useful life of at least one year. Additions or improvements that significantly extend the useful life of an asset or that significantly increase the capacity of an asset are capitalized. The costs of normal maintenance and repairs are expensed as incurred.

F. Pollution Remediation Obligation

GASB Statement No. 49 established accounting and financial reporting for pollution remediation obligations. These obligations address the current or potential effects of existing pollution. The Department incurs pollution remediation liabilities by participating in pollution remediation activities including: pre-cleanup activities, cleanup activities, government oversight and enforcement-related activities, and post-remediation monitoring. Excluded from the scope of Statement No. 49 are obligations for pollution prevention and control activities, fines and penalties, landfill closure and post-closure care, and other future remediation activities required upon retirement of an asset.

Pollution remediation obligations are recognized when the range of expected cash outlays can be reasonably estimated. The Department recognized an estimated pollution remediation liability of $12.8 million as of June 30, 2019, for statewide reporting purposes. However, this liability is not reported in the Department’s fund financial statements. For many projects, the Department can reasonably estimate the range of expected outlays early in the process because the site situation is common or similar to other sites with which the Department has experience. In other cases, the estimates are limited to an amount specified in a contract for remediation services or provided by environmental consulting firms.

When new information indicates changes in expected outlays, the liability for pollution remediation is adjusted. Adjustments may be the result of price fluctuations resulting from delays in contracting specific remediation jobs, changes in technology, changes in legal or regulatory requirements, and changes in the remediation plan or operating conditions.

The Department also performs ongoing pollution remediation. In many instances, the Department voluntarily conducts the cleanup of contaminated soil and groundwater found within the footprint of a construction project or removes lead-based paint during bridge repairs. In other cases, the Department of Environmental Quality (DEQ) has named the Department as a responsible party, or potentially responsible party, or the Department has entered a site as part of the DEQ's Voluntary Cleanup Program, as the responsible party.

G. Retainage Payable

Oregon Revised Statute 279C.570 allows the Department to retain up to five percent of each progress payment made to contractors engaged in public improvement projects. The amounts withheld are invested in interest-bearing accounts. The retainage, plus the interest earned, is released to the contractor as the project is completed.

H. Unearned Revenue

Unearned revenue arises when resources are received before the Department has earned them or has legal claim to them. In subsequent periods, when the earnings process is complete or when all revenue recognition criteria have been met, the unearned revenue is reduced and revenue is recognized.

I. Long-Term Liabilities

Proceeds received from the issuance of debt are reported under other financing sources in the Statement of Revenues, Expenditures, and Changes in Fund Balances.

The accounting for proceeds received upon issuance of refunding debt closely parallels the accounting for original issue debt. However, when the refunding debt proceeds are paid to an escrow agent for purposes of repaying the old debt, that payment is reported separately under other financing uses in the fund financial statements.

J. Fund Balance

Fund balances for governmental funds are classified based on the nature of the resource restrictions within each fund. Fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Restricted balances are further classified as constitutional, federal, debt covenant, or enabling legislation. Nonspendable balances are further classified as inventories, revolving accounts, or prepaid assets.

K. Use of Estimates

In preparing the Department's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. BUDGETARY INFORMATION

The Department submits its budget request to the Governor every other year (biennial basis). State agencies, including the Department, prepare their budgets based on the source of funding. The four primary revenue sources available to state agencies to budget for expenditures are General Funds, Federal Funds, Lottery Funds, and Other Funds.

The Legislature formally adopts the budget and authorizes the Department to spend against one of three types of spending authority. General Fund appropriations represent the legal authority provided by the Legislature to use resources from the General Fund (primarily personal and corporate income taxes). The Legislature provides the spending authority and the funding for both the General Funds and the Lottery funds. The other spending authorities are *limited* and *nonlimited*. Limited spending authorities approved by the Legislature authorize the Department to spend up to a specific level of expenditures. The Department uses limitations of this type for all programs financed with federal funds, lottery funds, and other funds (e.g., fuels tax and vehicle registration). Nonlimited spending authorities are authorized by the Legislature for expenditures that fluctuate based on variables outside the Department's control and for which the Legislature does not legally specify an amount.

A major component of the Department's budget request to the Governor is the Statewide Transportation Improvement Program (STIP). The STIP is the Department's four-year capital improvement program. In the STIP, the Department assigns resources to those projects that have been given the highest priority through the STIP update process. The STIP is updated every two years. For more information, see http://www.oregon.gov/odot/td/stip/pages/default.aspx.

During interim periods when the Legislature is not in session, the Legislative Emergency Board is authorized to amend the legally-adopted budget. Any changes in the Department's original spending authority must be approved by the Emergency Board.

A budgetary comparison report is provided and presents the Department's budget by governmental fund type.

3. CASH AND INVESTMENTS

Deposits

The State of Oregon maintains the Oregon Short-Term Fund, a cash and investment management pool in which the Department participates. Participant account balances are determined by the amount of each participant's deposits adjusted for withdrawals and distributed interest. Interest is calculated and accrued daily on each participant's account based on the ending account balance and a variable interest rate determined periodically.

Deposits with fiscal agents may include money market accounts held by the pledging financial institution or its trust department for the purpose of debt service. Performance deposits held in trust include cash and securities held as deposits on commercial enterprises.

Investments

At June 30, 2019, the Department's investments consisted primarily of U.S. Agency securities and corporate bonds.

Cash and cash equivalents, performance deposits, and investments as of June 30, 2019:

		Total
Cash and Deposits in Transit	$	67,970,463
Deposits with State Treasury		889,597,483
Performance Deposits Held in Trust		683,677
Deposits with Fiscal Agents		536,044
Investments with State Treasury		86,968,558
Total	$	1,045,756,225

4. TRANSFERS

Fund Transfers

Internal transfer activity is included at the combining financial statement (detail) level and eliminated at the combined (summary) level.

Special Payments

Special Payments are payments the Department makes to other governmental jurisdictions including counties and cities. The distinguishing characteristic of this type of payment is that the Department does not receive any associated goods or services in exchange for the payment. Special Payments may include the distribution of federal and state funds directly to governmental entities and others.

Transfer activity for the year ended June 30, 2019:

Departmental transfers:	Transfers In	Transfers Out
Special Revenue Funds		
Capital Projects	$ 24,806	$ 6,583,179
Debt Service	32,088,932	213,776,624
Debt Service Funds		
Special Revenue	213,776,624	32,088,932
Capital Projects Funds		
Special Revenue	6,583,179	24,806
Total departmental transfers	252,473,541	252,473,541
State agency transfers:		
Business Oregon	1,573,913	1,435,517
Department of Administrative Services	200,326	1,393,123
Department of Aviation	-	6,147,409
Oregon State Police	3,775,539	-
Department of Environmental Quality	98,360	-
Department of Parks and Recreation	287,359	25,577,176
Department of Revenue	102,516,428	-
Department of Veterans' Affairs	-	105,560
Governor's Office	-	80,000
Department of Energy	2,245	-
Military Department	-	-
State Marine Board	-	4,559,141
Department of State Lands	-	6,000,000
Travel Information Council	-	10,805,000
Watershed Enhancement Board	-	181,910
Debt Service Funds		
Department of Administrative Services	60,051,030	-
Total state agency transfers	168,505,200	56,284,836
Local government transfers:		
Special Revenue Funds		
Cities	-	210,503,093
Counties	-	316,465,733
Total local government transfers	-	526,968,826
Transfers to nongovernmental entities:		
Special Revenue Funds	-	2,299,129
Total transfers	$ 420,978,741	$ 838,026,332

5. CAPITAL ASSETS

Major capital asset events during fiscal year 2019 included the following:

The U.S. 26 Cornelius Pass Road to N.W. 185th Avenue widening project was completed. The project was a joint effort between the Department, the City of Hillsboro, and Washington County to alleviate congestion on U.S. 26 between 185th Avenue and Cornelius Pass Road. The main objectives of the project were to:

- Widen U.S. 26 to three lanes in each direction between Cornelius Pass Road and 185th Avenue. The majority of the widening will occur to the inside of the highway, in the highway center median.
- Replace the two U.S. 26/Rock Creek bridges with one bridge. This work will take place over the Rock Creek Trail. Rapid bridge construction will be used to minimize impacts.
- Improve the north side of the U.S. 26/Cornelius Pass Road interchange, including adding a second lane to the westbound off-ramp (the loop ramp).
- Build a noise wall on the north side of U.S. 26 in the Rock Creek neighborhood.

The Department of Motor vehicles successfully launched the new Vehicles System on time and on budget. The Vehicles System is part of the overall Service Transformation Program (STP) currently underway at DMV. The STP seeks to:

- Replace outdated computer systems and update business processes to make DMV more efficient.
- Deliver enhanced service capabilities – including more online services.

Capital asset activity for the fiscal year ended June 30, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance
Buildings	$ 264,620,240	$ 18,458,171	$ (518,882)	$ 282,559,529
Construction in progress - infrastructure	533,480,266	335,364,314	(345,058,123)	523,786,457
Construction in progress - other	27,216,287	46,398,017	(47,152,477)	26,461,827
Data processing software	70,489,234	37,724,346	(1,400,966)	106,812,614
Land	1,697,279,202	13,583,259	(434,127)	1,710,428,334
Land improvements	190,607,537	11,204,771	(8,817,651)	192,994,657
Land use rights (amortized)	781,932	-	-	781,932
Leasehold improvements	3,884,357	8,708,189	(8,593,213)	3,999,333
Machinery and equipment	415,360,245	37,398,734	(8,279,887)	444,479,092
State highway and bridge system	14,035,806,090	541,733,814	(112,449,140)	14,465,090,764
Works of art and historical treasures	101,151	-	-	101,151
Total capital assets	$ 17,239,626,541	$1,050,573,615	$ (532,704,466)	$ 17,757,495,690

Construction in progress - infrastructure includes all state highway and bridge system construction projects currently underway. *Construction in progress - other* includes equipment fabrication and facility projects located throughout the state.

6. COMMITMENTS

Construction Commitments

Construction commitments represent the estimated dollar amount of planned highway construction approved by the Oregon Transportation Commission and presented in the State Transportation Improvement Plan. There were $867.6 million in outstanding commitments for highway and bridge construction contracts as of June 30, 2019.

Operating Lease Commitments

The Department has commitments with entities outside of state government to lease certain buildings and equipment.

Future minimum rental commitments under operating leases as of June 30, 2019:

Year Ending June 30	Total
2020	$ 7,676,376
2021	5,492,840
2022	4,265,672
2023	3,542,362
2024	3,225,747
2025-2044	13,342,447
Total	$ 37,545,444

7. LONG-TERM DEBT

Oregon Revised Statutes (ORS) provide the Department with the authority to issue bonds and to assume other forms of long-term debt to finance construction projects. The individual debt issuances are summarized below for all long-term debt outstanding at June 30, 2019. The Department's long term debt consists of lottery revenue bonds, highway user tax revenue bonds, direct placement and borrowing, certificates of participation, and general obligation bonds.

Revenue Bonds Repaid by Lottery Proceeds

Lottery Revenue Bonds are issued on behalf of the Department by the State, acting by and through the State Treasurer, at the request of the Department of Administrative Services (DAS), pursuant to the authority of Article XV, Section 4 of the Oregon Constitution and ORS chapter 286A. Lottery Revenue Bonds are special obligations of the State payable solely from unobligated net lottery proceeds and other legally available funds.

For more information regarding individual securities, please visit the Municipal Securities Rulemaking Board at https://emma.msrb.org.

- Lottery Revenue Bonds, Series 2009A (CUSIP No. 68607V): In March 2009, DAS issued Oregon Lottery Revenue Bonds on behalf of the Department in the amount of $381,195,000. The net proceeds from these bonds were used to fund Connect Oregon multimodal transportation projects, the Portland-Milwaukee Light Rail Project, and the Oregon Street Car Project. The final maturity date for this bond series was April 2019. The bonds were paid in full as of June 30, 2019, and had a balance of zero.

- Lottery Revenue Bonds, Series 2011A (CUSIP No. 68607V): In March 2011, DAS issued Oregon Lottery Revenue Bonds on behalf of the Department in the amount of $96,369,674. The net proceeds from these bonds were used to fund Connect Oregon multimodal transportation projects. The final maturity date for this bond series is April 2031. The bonds had an outstanding principal balance at June 30, 2019, of $13,777,529.

- Lottery Revenue Refunding Bonds, Series 2011B (CUSIP No. 68607V): In March 2011, DAS issued Oregon Lottery Revenue Refunding Bonds on behalf of the Department in the amount of $10,135,818. The net proceeds from these bonds were used to refund a portion of the Lottery Revenue Bonds Series 2002A, Series 2005A, and Series 2009A. The final maturity date for this bond series is April 2021. The bonds had an outstanding principal balance at June 30, 2019, of $5,584,391.

- Lottery Revenue Refunding Bonds, Series 2012B (CUSIP No. 68607V): In April 2012, DAS issued Oregon Lottery Revenue Refunding Bonds on behalf of the Department in the amount of $4,863,853. The net proceeds from these bonds were used to refund a portion of the Lottery Revenue Bonds Series 2004B and Series 2005A. The final maturity date for this bond series is April 2025. The bonds had an outstanding principal balance at June 30, 2019, of $1,621,269.

- Lottery Revenue Bonds, Series 2013A (CUSIP No. 68607V): In May 2013, DAS issued Oregon Lottery Revenue Bonds on behalf of the Department in the amount of $28,621,997. The net proceeds from these bonds were used to fund Connect Oregon multimodal transportation projects. The final maturity date for this bond series is April 2033. The bonds had an outstanding principal balance at June 30, 2019, of $28,621,997.

- Lottery Revenue Refunding Bonds, Series 2014A (CUSIP No. 68607V): In July 2014, DAS issued Oregon Lottery Revenue Refunding Bonds on behalf of the Department in the amount of $15,018,198. The net proceeds from these bonds were used to partially refund the Lottery Revenue Bonds, Series 2006A. The final maturity date for this bond series is April 2027. The bonds had an outstanding principal balance at June 30, 2019, of $12,982,150.

- Lottery Revenue Refunding Bonds, Series 2014B (CUSIP No. 68607V): In July 2014, DAS issued Oregon Lottery Revenue Refunding Bonds on behalf of the Department in the amount of $76,153,631. The net proceeds from these bonds were used to partially refund the Lottery Revenue Bonds, Series 2007A. The final maturity date for this bond series is April 2027. The bonds had an outstanding principal balance at June 30, 2019, of $62,511,458.

- Lottery Revenue Refunding Bonds, Series 2014C (CUSIP No. 68607V): In July 2014, DAS issued Oregon Lottery Revenue Refunding Bonds on behalf of the Department in the amount of $91,440,704. The net proceeds from these bonds were used to partially refund the Lottery Revenue Bonds, Series 2009A. The final maturity date for this bond series is April 2025. The bonds had an outstanding principal balance at June 30, 2019, of $90,442,415.

- Lottery Revenue Bonds, Series 2015A (CUSIP No. 68607V): In January 2015, DAS issued Oregon Lottery Revenue Bonds on behalf of the Department in the amount of $48,624,463. The net proceeds from these bonds were used to fund Connect Oregon multimodal transportation projects, the Port of Coos Bay Rail Link, and the Salem-Keizer Transit Center. The final maturity date for this bond series is April 2035. The bonds had an outstanding principal balance at June 30, 2019, of $48,624,463.

- Lottery Revenue Refunding Bonds, Series 2015C (CUSIP No. 68607V): In January 2015, DAS issued Oregon Lottery Revenue Refunding Bonds on behalf of the Department in the amount of $47,864,226. The net proceeds from these bonds were used to partially refund the Lottery Revenue Bonds, Series 2011A. The final maturity date for this bond series is April 2027. The bonds had an outstanding principal balance at June 30, 2019, of $47,864,226.

- Lottery Revenue Refunding Bonds, Series 2015D (CUSIP No. 68607V): In January 2015, DAS issued Oregon Lottery Revenue Refunding Bonds on behalf of the Department in the amount of $142,172,601. The net proceeds from these bonds were used to partially refund the Lottery Revenue Bonds, Series 2009A. The final maturity date for this bond series is April 2029. The bonds had an outstanding principal balance at June 30, 2019, of $142,172,601.

- Lottery Revenue Bonds, Series 2017A (CUSIP No. 68607V): In April 2017, DAS issued Oregon Lottery Revenue Bonds on behalf of the Department in the amount of $50,144,754. The net proceeds from these bonds were used to fund Connect Oregon multimodal transportation projects, the Port of Coos Bay Rail Link, and the Juntura Road project in Harney County. The final maturity date for this bond series is April 2037. The bonds had an outstanding principal balance at June 30, 2019, of $50,114,754.

- Lottery Revenue Refunding Bonds, Series 2017C (CUSIP No. 68607V): In April 2017, DAS issued Oregon Lottery Revenue Refundning Bonds on behalf of the Department in the amount of $32,057,363. The net proceeds from these bonds were used to partially refund the Lottery Revenue Bonds, Series 2011A. The final maturity date for this bond series is April 2031. The bonds had an outstanding principal balance at June 30, 2019, of $32,057,363.

- Lottery Revenue Bonds, Series 2019A (CUSIP No. 68607V): In April 2019, DAS issued Oregon Lottery Revenue Bonds on behalf of the Department in the amount of $31,245,000. The net proceeds from these bonds were used to fund Connect Oregon multimodal transportation projects, the City of Portland infrastructure improvements on Southwest Capitol Highway, and upgrades and improvements to the Lane Transit District. The final maturity date for this bond series is April 2039. The bonds had an outstanding principal balance at June 30, 2019, of $31,245,000.

Debt service requirements to maturity on the Department's lottery revenue bonds as of June 30, 2019:

Year Ending June 30	Principal	Interest	Total
2020	$ 31,635,437	$ 28,191,199	$ 59,826,636
2021	29,056,580	26,709,759	55,766,339
2022	31,925,662	25,272,766	57,198,428
2023	43,920,590	23,687,142	67,607,732
2024	46,267,988	21,492,421	67,760,409
2025-2029	239,458,240	70,261,856	309,720,096
2030-2034	104,572,730	23,433,601	128,006,331
2035-2039	40,782,389	4,728,663	45,511,052
Total	$ 567,619,616	$ 223,777,407	$ 791,397,023

Revenue Bonds Repaid by State Highway Fund Revenues

Highway User Tax Revenue Bonds are issued by the State, acting by and through the State Treasurer, at the request of the Department, pursuant to Article IX, Section 3a of the Oregon Constitution, ORS 286A, as amended, and ORS 367.605 to 367.665 as amended. Highway User Tax Revenue Bonds are special revenue obligations secured by and payable solely from monies deposited in the State Highway Fund established under ORS 366.605.

For more information regarding individual securities, please visit the Municipal Securities Rulemaking Board at https://emma.msrb.org.

- State Highway User Tax Revenue Bonds, Series 2007A (CUSIP No. 68607D): In June 2007, the Department issued highway user tax revenue bonds in the amount of $358,225,000. The proceeds from these bonds were used to finance state highway and bridge projects under the OTIA I, II, and III programs. Certain maturities of the bonds were refunded with the issuance of the Series 2014A Bonds and Series 2015A Bonds. The final maturity for this bond series was November 2018. The bonds were paid in full as of June 30, 2019, and had a balance of zero.

- State Highway User Tax Revenue Bonds, Series 2009A (CUSIP No. 68607D): In March 2009, the Department issued highway user tax revenue bonds in the amount of $347,290,000. The proceeds from these bonds were used to finance projects under the OTIA III program. Certain maturities of the bonds were refunded with the issuance of the Series 2014A Bonds, Series 2015A Bonds, and Series 2017B Bonds. The final maturity for this bond series was November 2018. The bonds were paid in full as of June 30, 2019, and had a balance of zero.

- [1]State Highway User Tax Revenue Bonds, Series 2010A (Federally Taxable Build America Bonds) (CUSIP No. 68607D): In April 2010, the Department issued highway user tax revenue bonds in the amount of $544,675,000. The proceeds from these bonds were used to finance projects under the OTIA III program. This series was issued as federally taxable Build America Bonds (BABs) qualifying for a federal subsidy of 35% of the interest through the American Recovery and Reinvestment Act of 2009. The final maturity for this bond series is November 2034. The bonds had an outstanding principal balance at June 30, 2019, of $538,710,000.

- State Highway User Tax Revenue Refunding Bonds, Series 2012A (CUSIP No. 68607D): In June 2012, the Department issued highway user tax revenue refunding bonds in the amount of $129,980,000. The proceeds from these bonds were used to refund certain maturities of the Series 2004A Bonds, Series 2005A Bonds, and Series 2006A Bonds. The final maturity for this bond series is November 2029. The bonds had an outstanding principal balance at June 30, 2019, of $129,280,000.

- State Highway User Tax Revenue Refunding Bonds, Series 2012B (Federally Taxable) (CUSIP No. 68607D): In June 2012, the Department issued highway user tax revenue refunding bonds in the amount of $70,850,000. The proceeds from these bonds were used to refund certain maturities of the Series 2004B Bonds and Series 2005B Bonds. The final maturity for this bond series is November 2020. The bonds had an outstanding principal balance at June 30, 2019, of $26,210,000.

- State Highway User Tax Revenue Bonds, Series 2013A (CUSIP No. 68607D): In October 2013, the Department issued highway user tax revenue bonds in the amount of $409,775,000. The proceeds from these bonds were used to finance projects under the Jobs Transportation Act (JTA) program. Certain maturities of the bonds were refunded with the issuance of the Series 2017A Bonds.The final maturity for this bond series is November 2038. The bonds had an outstanding principal balance at June 30, 2019, of $289,875,000.

- State Highway User Tax Revenue Bonds, Series 2014A (CUSIP No. 68607D): In July 2014, the Department issued highway user tax revenue bonds in the amount of $194,530,000. The proceeds from these bonds were used to refund certain maturities of the Series 2006A Bonds, Series 2007A Bonds, and Series 2009A Bonds. The final maturity for this bond series is November 2031. The bonds had an outstanding principal balance at June 30, 2019, of $194,530,000.

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[1] Pursuant to the sequestration process required by the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, subsidy payments that the Department received in connection with its Build America Bonds (“BABs”) for the Federal Fiscal Year (“FFY”) 2018 were reduced by approximately 6.75 percent. In FFY 2018, the Department received $10,081,038 in BABs subsidy payments; a reduction of $729,727 from the originally anticipated BABs subsidy amount of $10,810,764. The Department cannot predict when or whether new federal legislation may be enacted providing funding or authorization for the BABs subsidy payments or other federal transportation programs or, if enacted, whether any such legislation would be signed into law by the president.

- State Highway User Tax Revenue Refunding Bonds, Series 2015A (CUSIP No. 68607D): In January 2015, the Department issued highway user tax revenue refunding bonds in the amount of $381,305,000. The proceeds from these bonds were used to refund certain maturities of the Series 2007A Bonds and the Series 2009A Bonds. The final maturity for this bond series is November 2033. The bonds had an outstanding principal balance at June 30, 2019, of $381,305,000.

- State Highway User Tax Revenue Bonds, Series 2017A (CUSIP No. 68607D): In May 2017, the Department issued highway user tax revenue bonds in the amount of $244,030,000. The proceeds from these bonds were used to finance projects under the Jobs and Transportation Act program. The final maturity for this bond series is November 2027. The bonds had an outstanding principal balance at June 30, 2019, of $234,390,000.

- State Highway User Tax Revenue Bonds, Series 2017B (CUSIP No. 68607D): In May 2017, the Department issued highway user tax revenue bonds in the amount of $91,675,000. The proceeds from these bonds were used to refund certain maturities of the Series 2009A Bonds and the Series 2013A Bonds. The final maturity for this bond series is November 2029. The bonds had an outstanding principal balance at June 30, 2019, of $91,675,000.

- State Highway User Tax Revenue Refunding Bonds, Series 2017C (CUSIP No. 68607D): In August 2017, the Department issued highway user tax revenue refunding bonds in the amount of $132,800,000. The proceeds from these bonds were used to refund certain maturities of the Series 2007C Bonds. The final maturity for this bond series is November 2026. The bonds had an outstanding principal balance at June 30, 2019, of $107,745,000.

Debt service requirements to maturity on the Department's revenue bonds as of June 30, 2019:

Year Ending June 30	Principal	Interest	Total
2020	$ 80,265,000	$ 99,083,551	$ 179,348,551
2021	83,855,000	95,398,531	179,253,531
2022	88,550,000	91,316,608	179,866,608
2023	92,825,000	86,858,934	179,683,934
2024	97,340,000	82,148,345	179,488,345
2025-2029	563,075,000	331,063,185	894,138,185
2030-2034	717,990,000	168,810,587	886,800,587
2035-2039	269,820,000	20,405,136	290,225,136
Total	$ 1,993,720,000	$ 975,084,877	$ 2,968,804,877

Direct Placement and Borrowings

Direct Placement Bonds are issued by the State, acting by and through the State Treasurer, at the request of the Department, pursuant to Article IX, Section 3a of the Oregon Constitution, ORS 286A, as amended, and ORS 367.605 to 367.665 as amended. Direct Placement Bonds are special revenue obligations secured by and payable solely from monies deposited in the State Highway Fund established under ORS 366.605.

For more information regarding individual securities, please visit the Municipal Securities Rulemaking Board at https://emma.msrb.org.

- State Highway Direct Placement User Tax Revenue Refunding Bonds, Series 2017S-1 (LIBOR Index Rate) (CUSIP No. 60607D): In May 2017, the Department issued highway user tax revenue subordinate lien refunding bonds in the amount of $265,675,000. The proceeds from these bonds were used to refund the Series 2013B bonds in its entirety. The Series 2017S-1 Bonds bear interest at a variable interest rate determined on the basis of a monthly LIBOR index plus a margin. The Series 2017S-1 bonds are subject to optional and mandatory redemption provisions and a three-year term-out period. The lender's initial commitment expires on the special mandatory tender date of May 1, 2020. The final maturity for this bond series is November 2038. The bonds had an outstanding principal balance at June 30, 2019, of $265,675,000.

- State Highway Direct Placement User Tax Revenue Bonds, Series 2017S-2 (LIBOR Index Rate) (CUSIP No. 60607D): In May 2017, the Department issued highway user tax revenue subordinate lien bonds in the amount of $100,075,000. The proceeds from these bonds were used to finance projects under JTA program. The Series 2017S-2 Bonds bear interest at a variable interest rate determined on the basis of a monthly LIBOR index plus a margin. The Series 2017S-2 bonds are subject to optional and mandatory redemption provisions and a three-year term-out period. The lender's initial commitment expires on the special mandatory tender date of May 1, 2020. The final maturity for this bond series is November 2042. The bonds had an outstanding principal balance at June 30, 2019, of $100,075,000.

[(1)]Debt service requirements to maturity on the Department's direct placement and borrowings bonds as of June 30, 2019:

Year Ending June 30	Principal	Interest	Total
2020	$ -	$ 8,299,396	$ 8,299,396
2021	-	8,276,720	8,276,720
2022	-	8,276,720	8,276,720
2023	-	8,276,720	8,276,720
2024	-	8,299,396	8,299,396
2025-2029	-	41,406,276	41,406,276
2030-2034	-	41,406,276	41,406,276
2035-2039	265,675,000	29,246,010	294,921,010
2040-2044	100,075,000	4,514,535	104,589,535
Total	$ 365,750,000	$ 158,002,049	$ 523,752,049

(1) Debt service requirements for the variable interest rate Series 2017S-1 Bonds (LIBOR Index Rate) for fiscal years 2020 through 2038 are based on the effective interest rate at June 30, 2019, of 2.252%. Debt service requirements for the variable interest rate Series 2017S-2 Bonds (LIBOR Index Rate) for fiscal years 2020 through 2042 are based on the effective interest rate at June 30, 2019, of 2.292%.

Certificates of Participation

ORS chapter 283 authorizes DAS to enter into financing agreements through the issuance of certificates of participation for state agencies, including the Department.

For more information regarding individual securities, please visit the Municipal Securities Rulemaking Board at https://emma.msrb.org.

- Certificates of Participation Series 2008A (CUSIP No. 68607H): In July 2008, DAS issued certificates of participation on behalf of the Department in the amount of $6,871,609 to refund DMV Building Series 1997B certificates of participation, the net proceeds from these bonds were used for the construction of the Driver and Motor Vehicle Services headquarters building. Certain maturities of the bonds were refunded with the issuance of the General Obligation Series 2016F Bonds. The final maturity date for this series is May 2020. The debt had an outstanding principal balance at June 30, 2019, of $81,000.

- Certificates of Participation Series 2009A (CUSIP No. 68607H): In February 2009, DAS issued certificates of participation for the State Radio Project in the amount of $57,575,000. Certain maturities of the bonds were refunded with the issuance of the General Obligation Series 2016F Bonds. The final maturity date for this series was May 2019. The debt was paid in full as of June 30, 2019, and had a balance of zero.

- Certificates of Participation Series 2009B (CUSIP No. 68607H): In February 2009, DAS issued certificates of participation for the State Radio Project in the amount of $15,215,000. The final maturity date for this series is May 2023. The debt had an outstanding principal balance at June 30, 2019, of $4,780,000.

Overall Debt Service requirements for the State Radio Project are projected to be paid from General Fund and State Highway Fund revenues on a 50-50 proportional basis.

Debt Service requirements to maturity on the Department's certificates of participation as of June 30, 2019:

Year Ending June 30	Principal	Interest	Total
2020	$ 1,456,000	$ 253,535	$ 1,709,535
2021	1,445,000	179,467	1,624,467
2022	1,525,000	104,544	1,629,544
2023	435,000	23,642	458,642
Total	$ 4,861,000	$ 561,188	$ 5,422,188

General Obligation Bonds Repaid by General Funds and State Highway Revenue Funds

Article XI-Q general obligation bonds are issued on behalf of the Department by the State, acting by and through the State Treasurer, at the request of DAS, pursuant to the authority granted by Article XI-Q of the Oregon Constitution and ORS chapter 286A. Article XI, Section 7 general obligation bonds are issued by the State on behalf of the Department pursuant to the authority granted by Article XI, Section 7 of the Oregon Constitution and ORS chapter 286A. Article XI-Q and Article XI, Section 7 general obligation bonds are direct, general obligations of the State, and the full faith and credit and taxing power of the State are irrevocably pledged to their repayment when due.

- General Obligation Bonds Series 2011K (CUSIP No. 68608U): In May 2011, DAS issued Article XI-Q general obligation bonds on behalf of the Department in the amount of $59,845,000. The net proceeds from the bonds were used to fund the Transportation Building renovation project. Certain maturities of the bonds were refunded with the issuance of the General Obligation Series 2016F Bonds. The final maturity date for this bond series is May 2021. The bonds had an outstanding principal balance at June 30, 2019, of $3,915,000.

- General Obligation Bonds Series 2012I (CUSIP No. 68608U): In April 2012, DAS issued Article XI-Q general obligation bonds on behalf of the Department in the amount of $54,445,000. The net proceeds from the bonds were used to fund a portion of the State Radio Project. The final maturity date for this bond series is May 2037. The bonds had an outstanding principal balance at June 30, 2019, of $19,280,000.

- General Obligation Bonds Series 2015H (CUSIP No. 68608U): In March 2015, DAS issued Article XI-Q general obligation bonds on behalf of the Department in the amount of $12,620,263. The net proceeds from the bonds were used to refund certain maturities of the Certificates of Participation, Series 2009A. The final maturity date for this bond series is May 2027. The bonds had an outstanding principal balance at June 30, 2019, of $12,620,263.

- General Obligation Bonds Series 2016D (CUSIP No. 68608U): In May 2016, DAS issued Article XI-Q general obligation bonds on behalf of the Department in the amount of $4,700,000. The net proceeds from the bonds were used to fund a portion of the State Radio Project. The final maturity date for this bond series is May 2021. The bonds had an outstanding principal balance at June 30, 2019, of $1,950,000.

- General Obligation Bonds Series 2016E (CUSIP No. 68608U): In May 2016, DAS issued Article XI-Q general obligation bonds on behalf of the Department in the amount of $15,055,000. The net proceeds from the bonds were used to fund a portion of the State Radio Project. The final maturity date for this bond series is May 2031. The bonds had an outstanding principal balance at June 30, 2019, of $12,345,000.

- General Obligation Bonds Series 2016F (CUSIP No. 68608U): In May 2016, DAS issued Article XI-Q general obligation bonds on behalf of the Department in the amount of $63,302,000. The net proceeds from the bonds were used to refund certain maturities of the Certificates of Participation Series 2008A, the Certificates of Participation Series 2009A and the General Obligation Bonds Series 2011K. The final maturity date for this bond series is May 2039. The bonds had an outstanding principal balance at June 30, 2019, of $63,667,000.

- General Obligation Bonds Series 2017M (CUSIP No. 68609B): In May 2017, the Department issued Article XI, Section 7 general obligation bonds in the amount of $30,005,000. The net proceeds from the bonds were used to fund a portion of five state highway projects. The final maturity date for this bond series is November 2042. The bonds had an outstanding principal balance at June 30, 2019, of $28,755,000.

Overall Debt service requirements for bonds issued for the State Radio Project are projected to be paid from General Fund and State Highway Fund revenues on a 50-50 proportional basis.

Debt service requirements to maturity on the Department's general obligation bonds as of June 30, 2019:

Year Ending June 30	Principal	Interest	Total
2020	$ 10,912,000	$ 6,523,187	$ 17,435,187
2021	6,385,589	6,093,560	12,479,149
2022	5,069,237	5,838,368	10,907,605
2023	6,414,323	5,620,411	12,034,734
2024	7,136,330	5,334,227	12,470,557
2025-2029	32,944,784	22,387,878	55,332,662
2030-2034	36,425,000	14,476,127	50,901,127
2035-2039	29,815,000	5,658,250	35,473,250
2040-2044	7,430,000	766,250	8,196,250
Total	$ 142,532,263	$ 72,698,258	$ 215,230,521

Changes in the Department's long-term debt for the year ended June 30, 2019:

	Beginning Balance	Transfers & Other Adjustments	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation bonds	$ 152,070,863	$ -	$ -	$ (9,538,600)	$ 142,532,263	$ 10,912,000
Highway User Tax Revenue bonds	2,437,255,000	(365,750,000)	-	(77,785,000)	1,993,720,000	80,265,000
Lottery Revenue bonds	567,842,807	-	31,245,000	(31,468,191)	567,619,616	31,635,437
Direct Placements and Borrowings	-	365,750,000	-	-	365,750,000	-
Certificates of Participation	7,313,096	-	-	(2,452,096)	4,861,000	1,456,000
Total long-term debt	$ 3,164,481,766	$ -	$ 31,245,000	$ (121,243,887)	$ 3,074,482,879	$ 124,268,437

Arbitrage Rebate Liability

The Tax Reform Act of 1986 placed restrictions on the non-purpose investment earnings from the proceeds of qualified tax-exempt bonds issued after August 15, 1986. Specifically, the non-purpose investment earnings on these bonds are limited to the yield on each individual bond issue (based on the initial offering price to the public). Non-purpose investment earnings in excess of the bond yield limitations are subject to rebate to the federal government. At June 30, 2019, the Department's arbitrage rebate liability is estimated to be $35.1 thousand.

Pledged Revenues

The Department, pursuant to its Master Highway User Tax Revenue Bond Declaration, has pledged certain motor-carrier revenues, fuels tax revenues, and DMV revenues, net of administrative expenses, operating transfers, set-asides, and statutory transfers to cities and counties, to repay $2.4 billion of highway user tax revenue bonds. Proceeds from highway user tax revenue bonds provide financing for the construction, reconstruction, improvement, repair, maintenance, operation, and use of public highways, roads, streets, and roadside rest areas. The highway user tax revenue bonds are payable solely from the pledged revenues and are payable through November 2042. Fiscal year 2020 principal and interest payments on the bonds are expected to require approximately 29.7 percent of pledged revenues. Highway user tax revenue bond principal and interest paid for the current fiscal year totaled $188.4 million and pledged revenues totaled $640.0 million. The estimated total principal and interest remaining to be paid on the highway user tax revenue bonds is $3.5 billion.

[1]Debt Service Coverage for fiscal years through June 30, 2019:

	Actual 2015	Actual 2016	Estimated 2017	Estimated 2018	Estimated 2019
Total Pledged Revenues	$605,743,000	$606,763,000	$616,867,000	$623,384,000	$639,992,000
Total Senior Lien Debt Service	132,121,000	136,541,000	135,708,000	139,219,000	176,836,000
Senior Lien Debt Service Coverage	**4.6**	**4.4**	**4.5**	**4.5**	**3.6**
Subordinate Lien Debt Service	37,394,000	37,655,000	39,260,000	51,381,000	51,352,000
(Less Subordinate Lien BAB Payments)	(10,022,000)	(10,076,000)	(10,070,000)	(10,097,000)	(10,765,000)
Total Subordinate Lien Debt Service	27,372,000	27,579,000	29,190,000	41,284,000	40,587,000
Aggregate Senior and Subordinate Lien Debt Service	159,493,000	164,120,000	164,898,000	180,503,000	217,423,000
Total Pledged Revenues	605,743,000	606,763,000	616,867,000	623,384,000	639,992,000
(Less Subordinate Lien BAB Payments)	(10,022,000)	(10,076,000)	(10,070,000)	(10,097,000)	(10,765,000)
Net Pledged Revenue	595,721,000	596,687,000	606,797,000	613,287,000	629,227,000
Aggregate Senior and Subordinate Lien Debt Service Coverage	**3.7**	**3.6**	**3.7**	**3.4**	**2.9**

[1]Source: Official Statement published August 23, 2017 for the Highway User Tax Revenue Refunding Bonds, Series 2017C.

For more information regarding individual securities, please visit the Municipal Securities Rulemaking Board at https://emma.msrb.org.

8. CUSTODIAL DEPOSITS

The following items represent all cash and securities within the Department's agency funds. These assets are held by the Department, as a custodian, on behalf of individuals, vendors, or other governmental organizations as of June 30, 2019:

	Total
Motor carrier custodial deposits	$15,039,154
Fuel dealer and retailer custodial deposits	710,677
Fuel taxes collected on behalf of local governments	9,763,178
Total custodial deposits	$25,513,009

9. PENSION BENEFITS

The Public Employees Retirement System (PERS) is a defined benefit retirement plan for units of state government, school districts, community colleges, and political subdivisions of the State. PERS is administered by the Public Employees Retirement Board under the guidelines of Chapter 238 of the Oregon Revised Statutes, and provides retirement benefits and cost-of-living adjustments as well as disability, post-employment healthcare, and death benefits to plan members and beneficiaries. PERS issues a separate, publicly available financial report that includes audited financial statements and required supplementary information, which may be obtained by writing to the Fiscal Services Division, Public Employees Retirement System, 11410 SW 68th Parkway, Tigard, Oregon 97223. For the fiscal year ended June 30, 2019, the Department contributed a total of $49.1 million to PERS.

10. UNEMPLOYMENT BENEFITS

State employees who qualify are entitled to benefit payments during periods of unemployment. State agencies are required to pay the Employment Department for benefit payments made to their former employees. Total payments made by the Department for the fiscal year ended June 30, 2019, were $478.8 thousand.

11. INSURANCE

The Risk Management Division of the Department of Administrative Services (Division) administers the state's property and liability insurance programs. It is the policy of the Division not to purchase commercial insurance for most of the risks of loss to which the state is exposed. Instead, the Division manages the state's risks by setting aside assets for actuarially forecasted losses in the State Insurance Fund. ORS Chapter 278 established the State Insurance Fund to service claims for the risk of (1) direct physical loss or damage to state property; (2) tort liability claims brought against the state, its officers, employees or agents; (3) workers compensation losses; (4) employee dishonesty and; (5) faithful performance bonds for key positions.

All state agencies, commissions, and boards participate in the State Insurance Fund. The Division allocates the cost of servicing insurance claims and payments by charging an assessment to each state entity, based on its share of losses. Statewide risk charges are based on independent, biennial actuarial forecasts and Division expenses, less any available fund balance from the prior biennium. Risk insurance payments for the fiscal year ended June 30, 2019, were $8.9 million.

12. CONTINGENCIES

The Department is involved in various legal proceedings arising through the normal course of business. Although it is not possible to predict with certainty the outcome of these legal matters, management believes the disposition of these matters will not have a material impact on the Department's financial position.

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COMBINING STATEMENTS

State of Oregon
Department of Transportation
Combining Balance Sheet
Special Revenue Funds
June 30, 2019

	Highway	Central Services	Motor Carrier Transportation	Driver and Motor Vehicle Services	Other	Total Special Revenue Funds
Assets						
Cash and Cash Equivalents	$ 620,813,863	$ 62,099,675	$ 23,690,943	$ 71,391,625	$ 85,648,584	$ 863,644,690
Investments	86,968,558	-	-	-	-	86,968,558
Loans Receivable (net)	-	-	-	-	23,161,717	23,161,717
Taxes Receivable (net)	-	51,578,468	28,518,218	4,870,487	2,782	84,969,955
Due from Federal Government	53,006,608	-	79,275	-	5,232,889	58,318,772
Due from State Agencies	216,200,617	47,902	-	5,127,843	2,767,919	224,144,281
Other Accounts Receivable (net)	25,727,486	36,095	2,010,622	5,750,169	453,728	33,978,100
Inventories	34,122,161	53,712	82,810	2,609,144	1,469,461	38,337,288
Prepaid Assets	342,824	7,918	-	390,210	-	740,952
Contracts Receivable (net)	374,532	-	-	-	-	374,532
Total Assets	$ 1,037,556,649	$ 113,823,770	$ 54,381,868	$ 90,139,478	$ 118,737,080	$ 1,414,638,845
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	$ 124,272,451	$ 10,372,379	$ 3,624,365	$ 7,872,941	$ 5,481,387	$ 151,623,523
Custodial Liabilities	383,979	-	-	-	-	383,979
Due to Other Governments	90,507,465	-	27,186	-	3,022,754	93,557,405
Due to State Agencies	3,456,132	102,039,170	49,070,994	75,337,265	1,619,534	231,523,095
Unearned Revenue	38,255,852	1,350,591	1,576,513	3,929,418	-	45,112,374
Total Liabilities	256,875,879	113,762,140	54,299,058	87,139,624	10,123,675	522,200,376
Fund Balances:						
Nonspendable:						
Inventories	34,122,161	53,712	82,810	2,609,144	1,469,461	38,337,288
Revolving Accounts	-	-	-	500	-	500
Prepaid Assets	342,824	7,918	-	390,210	-	740,952
Restricted by:						
Oregon Constitution	423,238,732	-	-	-	54,925,615	478,164,347
Federal Laws and Regulations	32,453,325	-	-	-	-	32,453,325
Debt Covenants	279,203,143	-	-	-	10,206,514	289,409,657
Enabling Legislation	11,320,585	-	-	-	41,679,173	52,999,758
Committed	-	-	-	-	332,642	332,642
Total Fund Balances	780,680,770	61,630	82,810	2,999,854	108,613,405	892,438,469
Total Liabilities and Fund Balances	$ 1,037,556,649	$ 113,823,770	$ 54,381,868	$ 90,139,478	$ 118,737,080	$ 1,414,638,845

State of Oregon
Department of Transportation
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Special Revenue Funds
For the Fiscal Year Ended June 30, 2019

	Highway	Central Services	Motor Carrier Transportation	Driver and Motor Vehicle Services	Other	Total Special Revenue Funds
Revenues:						
Motor Fuel Taxes	$ -	$ 631,698,325	$ -	$ -	$ -	$ 631,698,325
Federal Revenues	602,039,886	-	88,419	-	41,815,873	643,944,178
Weight-Mile Taxes	-	-	388,304,040	-	-	388,304,040
Vehicle Registration Taxes	-	-	-	403,348,327	229,092	403,577,419
Driver License Fees	-	-	-	32,419,597	4,079,495	36,499,092
Other Transportation Fees	-	-	48,694,101	120,491	1,828,569	50,643,161
Charges for Services	24,892,071	1,467,347	52,001	-	589,367	27,000,786
Other Sales Income	6,649,858	6,229	38,871	4,237,088	-	10,932,046
Investment Income	25,172,744	194,041	1,308,037	-	2,286,502	28,961,324
Business License Fees	325,013	-	4,199,995	382,672	4,270,288	9,177,968
Rents	4,013,110	-	-	-	62,485	4,075,595
Other Revenues	6,698,419	18,235	5,187,912	1,342,743	250,897	13,498,206
Total Revenues	669,791,101	633,384,177	447,873,376	441,850,918	55,412,568	2,248,312,140
Expenditures:						
Personal Services	324,210,949	62,673,206	25,500,091	70,777,194	10,616,316	493,777,756
Services and Supplies	791,206,264	44,589,514	6,637,889	40,868,827	12,946,991	896,249,485
Capital Outlay	32,621,591	117,519	425,441	634,623	475,139	34,274,313
Special Payments	61,785,082	-	242,451	701,872	60,572,756	123,302,161
Other Debt Service	376,909	-	-	65	-	376,974
Total Expenditures	1,210,200,795	107,380,239	32,805,872	112,982,581	84,611,202	1,547,980,689
Excess (Deficiency) of Revenues Over (Under) Expenditures	(540,409,694)	526,003,938	415,067,504	328,868,337	(29,198,634)	700,331,451
Other Financing Sources (Uses):						
Long-Term Debt Issued	38,569,269	-	-	-	-	38,569,269
Transfers In	1,410,823,174	92,577,802	-	98,360	44,534,735	1,548,034,071
Transfers Out	(842,022,691)	(618,610,783)	(415,113,566)	(329,042,912)	(8,590,260)	(2,213,380,212)
Gain (Loss) on Sale of Capital Assets	331,059	-	-	-	-	331,059
Insurance Recoveries	1,400,006	-	904	-	-	1,400,910
Total Other Financing Sources (Uses)	609,100,817	(526,032,981)	(415,112,662)	(328,944,552)	35,944,475	(625,044,903)
Net Change in Fund Balances	68,691,123	(29,043)	(45,158)	(76,215)	6,745,841	75,286,548
Fund Balances - Beginning	727,933,250	83,966	79,174	2,871,691	96,003,230	826,971,311
Prior Period Adjustment	(18,404,436)	-	-	-	5,846,332	(12,558,104)
Change in Nonspendable Fund Balances	2,460,833	6,707	48,794	204,378	18,002	2,738,714
Fund Balances - Ending	$ 780,680,770	$ 61,630	$ 82,810	$ 2,999,854	$ 108,613,405	$ 892,438,469

State of Oregon
Department of Transportation
Combining Balance Sheet
Special Revenue Funds - Other
June 30, 2019

	Public Transit	Transportation Safety	Rail	Snowmobile	Transportation Operating
Assets					
Cash and Cash Equivalents	$ 1,168,804	$ 23,243,260	$ 17,073,382	$ 4,116,359	$ 13,534,158
Loans Receivable (net)	-	-	-	-	-
Taxes Receivable (net)	-	-	-	2,782	-
Due from Federal Government	2,271,839	2,558,136	402,914	-	-
Due from State Agencies	747,964	330,109	657,683	1,032,163	-
Other Accounts Receivable (net)	763	7,210	-	9,287	436,468
Inventories	1,489	149,133	1,318,839	-	-
Total Assets	$ 4,190,859	$ 26,287,848	$ 19,452,818	$ 5,160,591	$ 13,970,626
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	$ 1,728,086	$ 2,152,689	$ 975,344	$ -	$ 363,584
Due to Other Governments	2,128,642	220,644	673,468	-	-
Due to State Agencies	-	1,114,808	-	5,670	182,623
Total Liabilities	3,856,728	3,488,141	1,648,812	5,670	546,207
Fund Balances:					
Nonspendable:					
Inventories	1,489	149,133	1,318,839	-	-
Restricted by:					
Oregon Constitution	-	13,316,216	2,241,692	-	-
Debt Covenants	-	-	10,206,514	-	-
Enabling Legislation	-	9,334,358	4,036,961	5,154,921	13,424,419
Committed	332,642	-	-	-	-
Total Fund Balances	334,131	22,799,707	17,804,006	5,154,921	13,424,419
Total Liabilities and Fund Balances	$ 4,190,859	$ 26,287,848	$ 19,452,818	$ 5,160,591	$ 13,970,626

Winter Recreational Parking	Consumer Protection	Transportation Infrastructure Bank	Total Other Special Revenue Funds
$ 4,250,388	$ 79,742	$ 22,182,491	$ 85,648,584
-	-	23,161,717	23,161,717
-	-	-	2,782
-	-	-	5,232,889
-	-	-	2,767,919
-	-	-	453,728
-	-	-	1,469,461
$ 4,250,388	$ 79,742	$ 45,344,208	$ 118,737,080
$ 227,512	$ 2,790	$ 31,382	$ 5,481,387
-	-	-	3,022,754
-	-	316,433	1,619,534
227,512	2,790	347,815	10,123,675
-	-	-	1,469,461
-	-	39,367,707	54,925,615
-	-	-	10,206,514
4,022,876	76,952	5,628,686	41,679,173
-	-	-	332,642
4,022,876	76,952	44,996,393	108,613,405
$ 4,250,388	$ 79,742	$ 45,344,208	$ 118,737,080

State of Oregon
Department of Transportation
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Special Revenue Funds - Other
For the Fiscal Year Ended June 30, 2019

	Public Transit	Transportation Safety	Rail	Snowmobile	Transportation Operating
Revenues:					
Federal Revenues	$ 31,469,953	$ 9,007,558	$ 1,338,362	$ -	$ -
Vehicle Registration Taxes	-	-	-	229,092	-
Driver License Fees	-	-	-	-	4,079,495
Other Transportation Fees	-	-	-	192	-
Charges for Services	470,900	5,059	10,017	-	73,076
Investment Income	64,257	468,439	354,266	114,152	313,656
Business License Fees	-	97,200	2,876,450	-	1,296,638
Rents	-	-	62,485	-	-
Other Revenues	9,098	6,416	77,262	-	157,921
Total Revenues	32,014,208	9,584,672	4,718,842	343,436	5,920,786
Expenditures:					
Personal Services	2,877,636	2,553,650	4,106,452	1,165	707,426
Services and Supplies	1,790,171	1,497,773	3,120,320	1,354,136	3,808,405
Capital Outlay	475,139	-	-	-	-
Special Payments	40,272,383	12,112,091	8,096,180	-	92,102
Total Expenditures	45,415,329	16,163,514	15,322,952	1,355,301	4,607,933
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,401,121)	(6,578,842)	(10,604,110)	(1,011,865)	1,312,853
Other Financing Sources (Uses):					
Transfers In	11,098,105	15,280,066	4,040,534	1,770,585	12,345,445
Transfers Out	(2,349,471)	(606,039)	(35,341)	(154,476)	(5,444,933)
Total Other Financing Sources (Uses)	8,748,634	14,674,027	4,005,193	1,616,109	6,900,512
Net Change in Fund Balances	(4,652,487)	8,095,185	(6,598,917)	604,244	8,213,365
Fund Balances - Beginning	4,772,097	14,666,940	24,419,378	4,550,677	5,211,054
Prior Period Adjustment	217,646	-	-	-	-
Change in Nonspendable Fund Balances	(3,125)	37,582	(16,455)	-	-
Fund Balances - Ending	$ 334,131	$ 22,799,707	$ 17,804,006	$ 5,154,921	$ 13,424,419

Winter Recreational Parking	Consumer Protection	Transportation Infrastructure Bank	Total Other Special Revenue Funds
$ -	$ -	$ -	$ 41,815,873
-	-	-	229,092
-	-	-	4,079,495
1,781,082	47,295	-	1,828,569
-	-	30,315	589,367
107,127	1,921	862,684	2,286,502
-	-	-	4,270,288
-	-	-	62,485
-	200	-	250,897
1,888,209	49,416	892,999	55,412,568
293,426	76,561	-	10,616,316
1,341,152	3,216	31,818	12,946,991
-	-	-	475,139
-	-	-	60,572,756
1,634,578	79,777	31,818	84,611,202
253,631	(30,361)	861,181	(29,198,634)
-	-	-	44,534,735
-	-	-	(8,590,260)
-	-	-	35,944,475
253,631	(30,361)	861,181	6,745,841
3,769,245	107,313	38,506,526	96,003,230
-	-	5,628,686	5,846,332
-	-	-	18,002
$ 4,022,876	$ 76,952	$ 44,996,393	$ 108,613,405

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STATISTICAL SECTION

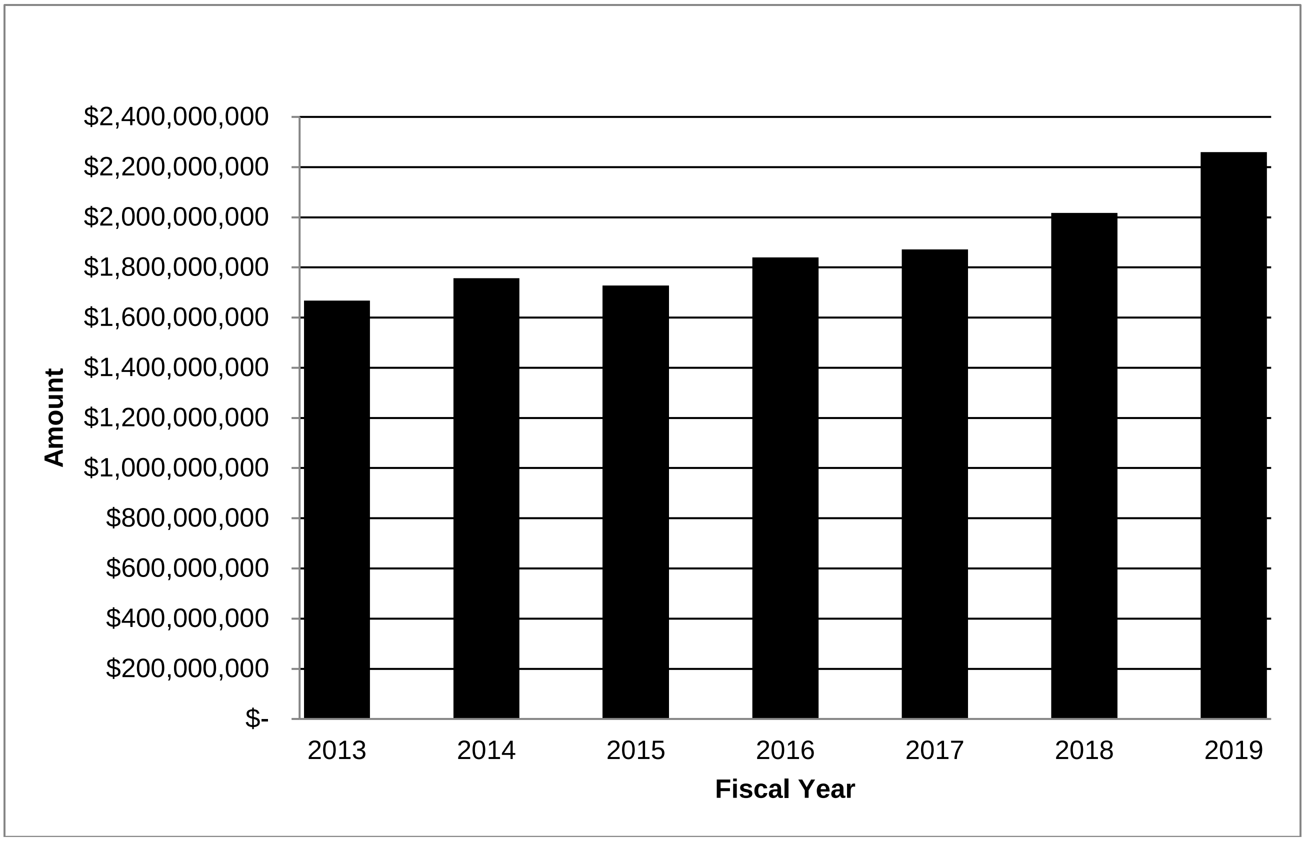
Table 1

Schedule of Federal Financial Assistance
for the Fiscal Year Ended June 30, 2019

CFDA #	Federal Program Description	Amount
20.200	Highway Research and Development Program	$ 180,886
20.205	Highway Planning and Construction	603,766,021
20.224	Federal Lands Access Program	1,244,009
20.301	Railroad Safety	40,604
20.319	High Speed and Intercity Passenger Rail	334,339
20.321	Railroad Safety Technology Grants	454,875
20.500	Federal Transit Capital investment Grants	16,025
20.505	Federal Transit Metropolitan Planning Grants	102,942
20.509	Formula Grants for Other than Urbanized Areas	14,699,457
20.513	Capital Assistance for Elderly and Disabled	13,276,105
20.526	Bus and Bus Facilities Formula Program	2,083,897
20.528	Rail Fixed Guideway Oversight Program	517,124
20.600	State and Community Highway Safety	2,662,811
20.608	Minimum Penalties Repeat Offenders DWI	1,288,390
20.611	Incentive Grant Program to Prohibit Racial Profiling	665,092
20.614	NHTSA Discretionary Safety Grants	88,419
20.616	National Priority Safety Programs	2,523,182
	Total	$ 643,944,178

Table 2

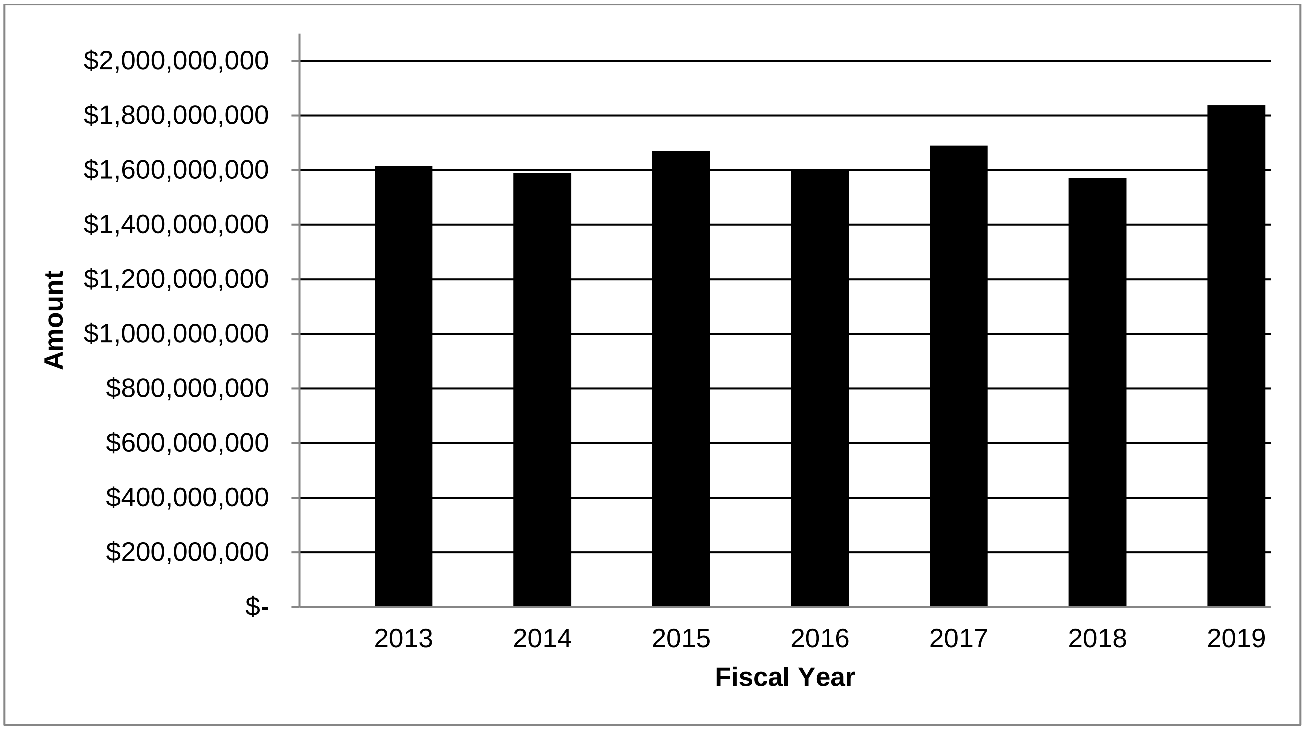
Net Revenues - Seven-Year Trend



	2013	2014	2015	2016	2017	2018	2019
Motor Fuel Taxes	$ 487,930,939	$ 493,677,217	$ 508,902,698	$ 532,171,382	$ 546,574,309	$ 586,689,979	$ 631,698,325
Federal Revenues	479,339,292	519,714,179	453,466,794	524,704,337	532,240,747	525,209,342	643,944,178
Weight-Mile Taxes	251,527,795	269,388,277	285,234,715	291,302,037	297,052,489	332,646,408	388,304,040
Vehicle Registration Taxes	282,600,564	289,511,411	304,470,291	318,586,259	325,010,406	366,849,272	403,577,419
Driver License Fees	37,984,387	40,155,389	41,017,697	44,102,338	37,695,247	36,653,776	36,499,092
Other Transportation Fees	43,584,748	45,039,901	45,941,271	46,522,588	48,137,252	49,180,847	50,643,161
Charges for Services	25,919,958	30,061,733	35,118,997	30,885,656	31,902,600	51,764,182	27,000,786
Other Sales Income	12,406,304	17,452,891	10,927,951	10,215,406	11,265,492	13,711,580	10,932,046
Investment Income	9,492,178	9,563,816	5,326,284	10,776,161	8,492,507	18,513,524	30,161,929
Business License Fees	6,401,201	6,304,692	7,393,045	5,413,005	6,549,420	8,233,116	9,177,968
Rents	3,361,572	3,449,864	3,854,080	3,981,554	4,446,716	3,806,014	4,075,595
Other Revenues	27,129,850	32,671,538	25,037,780	21,500,912	22,111,854	24,511,999	24,113,857
Total Net Revenues	$ 1,667,678,788	$ 1,756,990,908	$ 1,726,691,603	$ 1,840,161,635	$ 1,871,479,039	$ 2,017,770,039	$ 2,260,128,396

Table 3

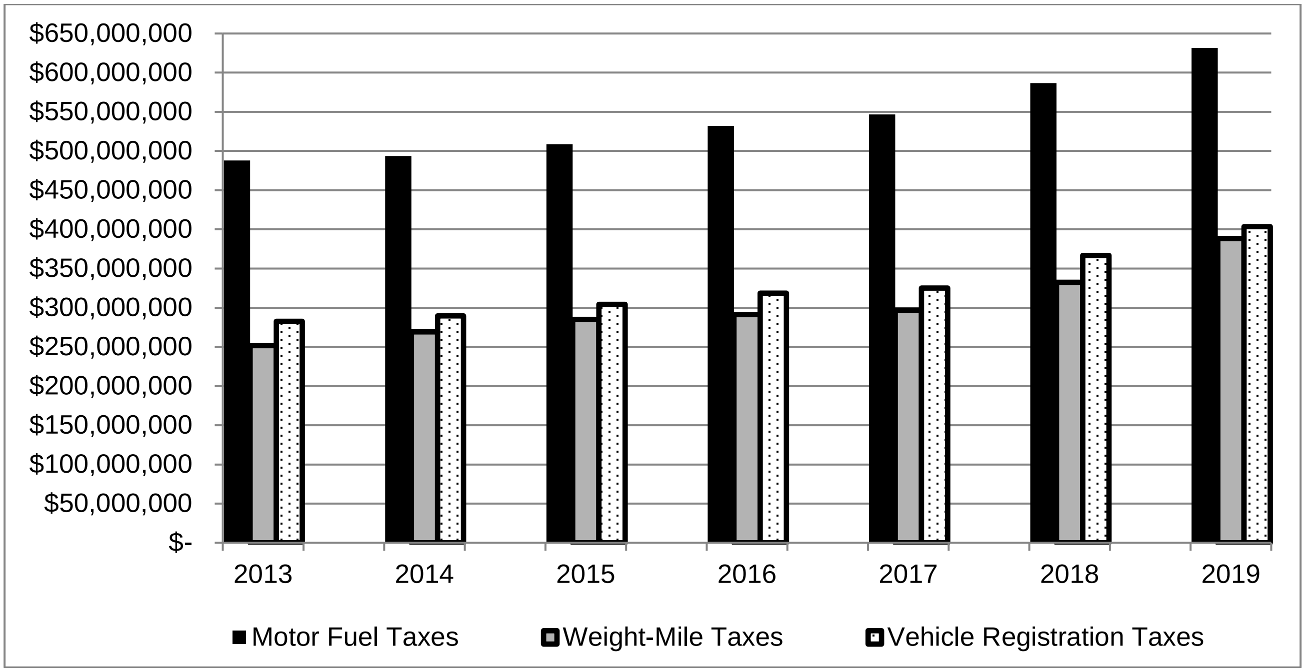
Total Expenditures - Seven-Year Trend



	2013	2014	2015	2016	2017	2018	2019
Personal Services	$ 381,442,031	$ 398,825,742	$ 408,397,413	$ 427,471,395	$ 445,411,083	$ 465,161,967	$ 495,832,169
Services and Supplies	848,490,816	837,546,909	871,488,517	797,613,475	864,160,839	760,733,200	906,173,784
Capital Outlay	53,513,884	24,548,202	44,699,187	28,086,799	44,593,198	19,875,533	38,203,845
Loan Interest	418,855	502,851	263,426	234,374	11,425	-	-
Bad Debt Expense	-	437,817	-	-	-	-	-
Special Payments	118,298,492	102,746,347	95,816,455	84,377,981	84,482,353	70,568,283	129,457,957
Debt Service (combined)	213,343,942	226,193,937	249,656,909	263,021,793	251,686,534	254,361,330	267,585,762
Total Expenditures	$ 1,615,508,020	$ 1,590,801,805	$ 1,670,321,907	$ 1,600,805,817	$ 1,690,345,432	$ 1,570,700,313	$ 1,837,253,517

Table 4

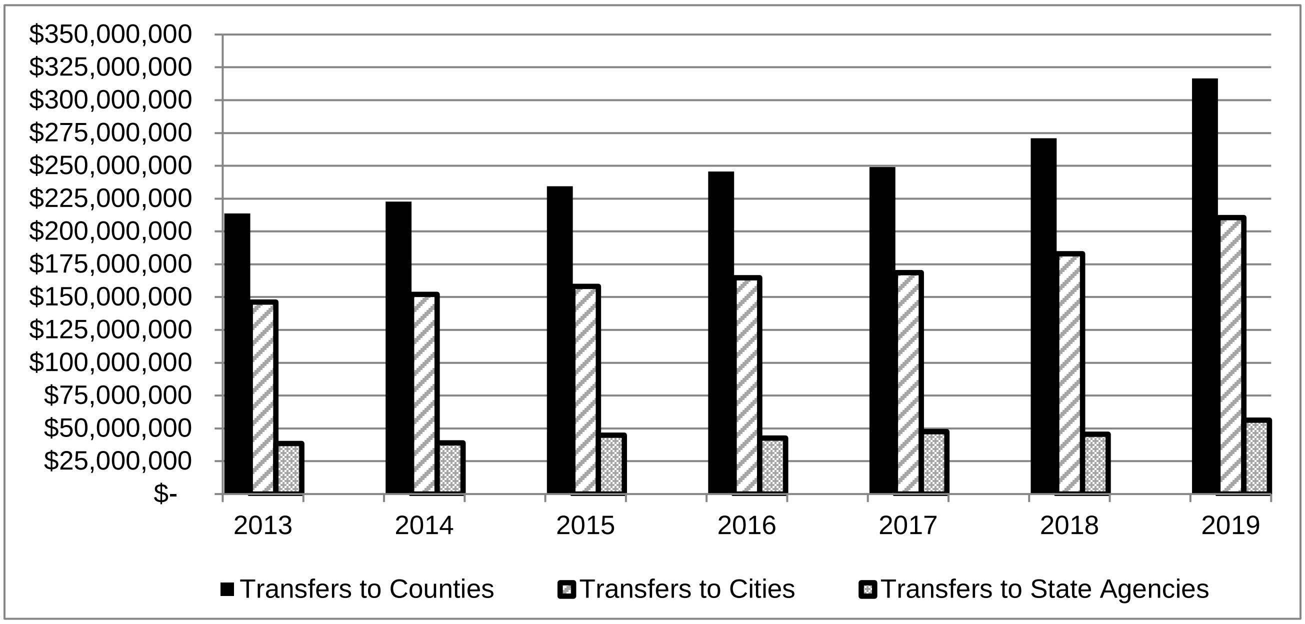
Net Vehicle-Related Tax Collections - Seven-Year Trend



	2013	2014	2015	2016	2017	2018	2019
Motor Fuel Taxes	$ 487,930,939	$ 493,677,217	$ 508,902,698	$ 532,171,382	$ 546,574,309	$ 586,689,979	$ 631,698,325
Weight-Mile Taxes	251,527,795	269,388,277	285,234,715	291,302,037	297,052,489	332,646,408	388,304,040
Vehicle Registration Taxes	282,600,564	289,511,411	304,470,291	318,586,259	325,010,406	366,849,272	403,577,419
Total Vehicle Related Taxes	$ 1,022,059,298	$ 1,052,576,905	$ 1,098,607,704	$ 1,142,059,678	$ 1,168,637,204	$ 1,286,185,659	$ 1,423,579,784

Table 5

Transfers to Others - Seven-Year Trend



	2013	2014	2015	2016	2017	2018	2019
Transfers to Counties	$ 213,748,734	$ 222,806,116	$ 234,384,864	$ 245,771,166	$ 249,057,363	$ 271,005,159	$ 316,465,733
Transfers to Cities	146,184,265	152,030,171	158,041,400	164,775,679	168,563,914	183,039,670	210,503,093
Transfers to State Agencies	38,481,075	39,017,147	44,725,728	42,693,360	47,506,294	45,649,490	56,284,836
Total Distributions	$ 398,414,074	$ 413,853,434	$ 437,151,992	$ 453,240,205	$ 465,127,571	$ 499,694,319	$ 583,253,662

The Department is required by law to apportion Highway Funds to counties and cities based on specific criteria. As certain revenues increase, the apportionments to counties and cities also increase (e.g. increases in motor fuels tax revenues will cause an increase in apportionments).

Funds are apportioned to counties based on the proportion of the number of vehicles, trailers, and semi-trailers, etc. registered in each county to the total number of those same vehicles registered statewide. The percentage allocation is determined on a calendar year basis. Funds are apportioned to cities based on the proportion of the population of each city to the total population of the state as determined by the Portland State University Population Research Center.

APPENDIX C

OREGON DEPARTMENT OF TRANSPORTATION
JULY 2020 REVENUE FORECAST

OREGON DEPARTMENT OF TRANSPORTATION

ODOT STATE HIGHWAY FUND TRANSPORTATION REVENUE FORECAST

July 2020 Update

Economic & Financial Analysis

Foreword

This summary report presents a selection of Other Funds State Highway Revenue forecasts for the Oregon Department of Transportation. It is normally published twice a year to assist in financial planning, the formulation of transportation budgets, and to support other decision-making activities. This forecast is provided three months after the April forecast to assess and update the impact of the COVID pandemic on the revenue forecast given the rapidly evolving nature of the COVID pandemic on the State and national economy. However, this forecast does not create any obligation on the part of the Oregon Department of Transportation to continue to provide forecasts beyond those usually provided in the ordinary course of business. The forecast is consistent with the Department of Administrative Services' Oregon Economic & Revenue Forecast (Vol. XL, No. 2, June 2020) and the associated baseline macroeconomic forecast from IHS Markit.

The projections set forth in this forecast represent the Oregon Department of Transportation's forecast of future results as of the date of preparation based on information then available to the Department as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the Department. No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words "estimate," "project," "forecast," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements.

The prospective financial information was not prepared with a view toward compliance with published guidelines of the United States Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

This document is also available online at:

https://www.oregon.gov/odot/Data/Pages/Revenue-Forecasts.aspx and scroll down to "Most Recent Forecasts."

Questions and comments should be directed to:

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Forecast Timing

For our regular readers used to seeing forecasts every six months, a forecast release three months after our April forecast will seem out of place. However, due to the pandemic's sudden and severe impact on the economy, and the April forecasts timing, we concluded an update to the April forecast was necessary. This forecast allows an opportunity to check the assumptions from the April forecast and update transaction and revenue forecasts using actuals from March through May. It also provides an opportunity to fully capture the impact of DMV field office closures and to incorporate the June forecast provided by the DAS Office of Economic Analysis. While not all models were updated, the primary models, which generate over 95% of the forecast revenue were updated. We will still publish a full forecast in October, where all models will be updated.

COVID-19 Impact

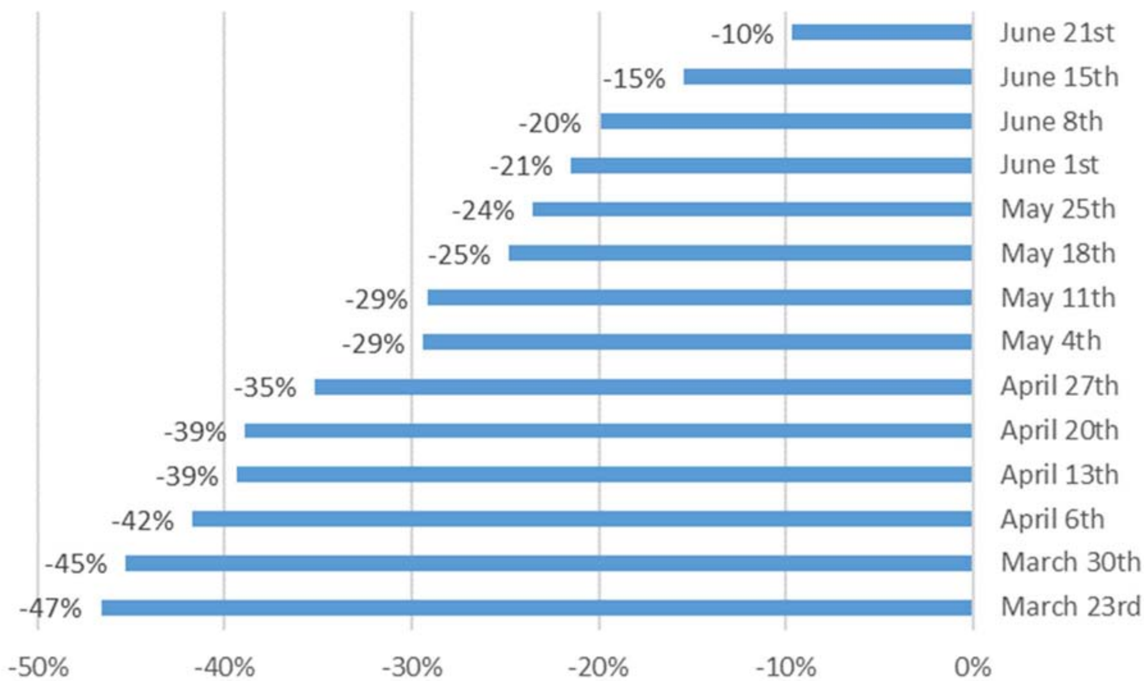
When the April forecast was being developed, we had unknowns for both the magnitude and duration of the State Highway Fund revenue losses associated with the efforts to limit the spread of the virus. Now that we are on the road to recovery, assuming we stay on that road, we have data on the severity of the initial losses, but there is still a high degree of uncertainty around the duration of the losses and how quickly we recover. The June DAS forecast has total nonfarm employment returning to 2019 levels by 2024, so while this recession is the deepest on the record, the economy is expected to recover relatively quickly since the recession was caused by an external source, not something structural within the economy itself.

To date the impact on Motor Fuels is about $44 million. This is from comparing a pre-COVID baseline forecast to actual tax receipts from January through May. The largest loss over this period was in April, which matches the largest decline in traffic volumes.

Figure 1 below shows the average change in traffic volumes compared to the same period in 2019 aggregated across some of Oregon's main travel routes. Beginning with Monday, March 23rd, the first full week of the Oregon shutdown, traffic volumes initially dropped to almost 50% of normal as people stayed home. However, over time people began to drive more and as counties began to enter phase one and two of reopening traffic has continued to increase. By the week of June 21st, traffic was back to 10% below the prior year's level.

One big outstanding question is how fast will the remaining 10% be recaptured? If we continue to see traffic increasing, some of it might be due to a summer bump from more driving vacations, or just general pent up need to get out of the house. But longer term, if more workers continue to telework and as the CARES Act aid expires these increases could slow considerably.

Figure 1: Weekly reduction in statewide traffic volumes over the same week in 2019



Looking at the heavy truck data, through May the weight-mile tax receipts are right in line with the pre-COVID baseline forecast, which means we have not yet seen an impact on trucking activity from the pandemic. That's not unreasonable given the federal stimulus to households and added unemployment benefits meant to shore up household finances during the worst of the recession. However, without additional stimulus these measures will expire soon and there will likely be less spending and demand for trucking as the impact of the recession is fully felt on households. Hopefully, our economy is well into the recovery at that point so there will only be a limited loss in overall demand for trucked goods.

DMV revenues were hit particularly hard as field offices closed late March to all but commercial activities and have just started reopening to a limited number of customers in June. We anticipate much of the lost revenue from the period when field offices were closed will be recaptured over the next few months but even so we expect a sizable drop of $44 million in FY20 revenue compared to the April forecast.

In total, we now estimate the loss in revenue due to the recession to be about $170 million over the 2019-21 biennium. As the recovery is likely to extend into the mid 2020's, we expect the impact to extend as well.

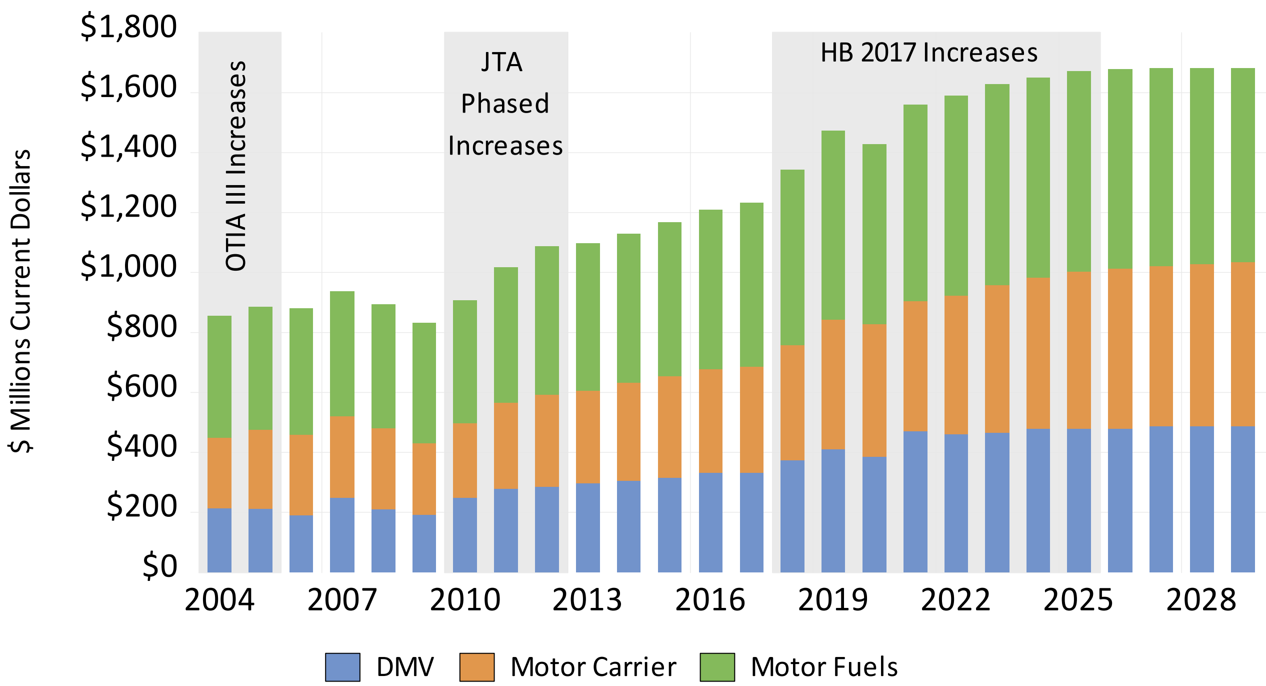
However, as noted above, the forecast is highly uncertain. While Oregon is slowly reopening, we are already seeing an increase in new virus cases. If this causes a regression in reopening plans or if the virus resurges this fall or winter, the impact on the revenue outlook will worsen.

Forecast Summary

The second phase of HB 2017 tax and fee increases was implemented on January 1, 2020. This included a two cent fuels tax increase, an increase in the weight-mile tax, and increases in DMV title and registration fees. In addition, the tiered registration and title fees were implemented for passenger vehicles, where more fuel efficient vehicles pay higher fees to create a more equitable taxing system for vehicles operating on Oregon's roads.

These tax and fee increases would normally lead to an increase in fiscal year revenue. However, as Figure 2 illustrates there is a noticeable drop in revenue in fiscal year 2020, despite the tax and fee increases implemented in January 2020. Revenues are projected to rebound in 2021 as the expected duration of the virus impact is felt most acutely in 2020, and grow through 2025 as HB 2017 is fully implemented and the economy recovers. Beyond 2025, revenue growth stagnates overall as economic and demographic growth slows and fuel demand declines.

Figure 2: Total Gross State Highway Revenue by Fiscal Year



Source: ODOT July 2020 State Revenue Forecast update

Table 1 below shows the biennial revenue change from the prior forecast. In general gross revenues are down over the forecast period. In the 2019-21 biennium the drop is mostly attributed to the impact of closing field DMV offices. The forecast change is more significant in the 2021-23 biennium as the recession recovery is extended to more closely match the most recent state economic forecast. This change impacts motor fuels the most although all three sources are impacted. The extended recovery also falls into the 2023-25 biennium as well. A more detailed discussion on each major source is included in the following sections.

Table 1: Change in Revenues from the April 2020 Forecast

($ Millions)	2019-21	2021-23	2023-25	2025-27	2027-29
Motor Fuels (w/ triggered increases)					
Gross	$ (6.8)	$ (35.5)	$ (18.7)	$ (2.8)	$ -
Net Apportionable	$ (6.8)	$ (35.5)	$ (18.7)	$ (2.8)	$ -
Motor Carrier					
Gross	$ 3.5	$ (12.2)	$ (1.1)	$ 0.0	$ 0.0
Net Apportionable	$ 3.5	$ (12.2)	$ (1.1)	$ 0.0	$ 0.0
DMV					
Gross	$ (35.6)	$ (13.9)	$ 3.8	$ 8.7	$ 8.4
Net Apportionable	$ (35.0)	$ (14.5)	$ 3.2	$ 8.2	$ 7.9
Total (w/ triggered increases)					
Gross	$ (39.0)	$ (61.6)	$ (16.1)	$ 5.9	$ 8.5
Net Apportionable	$ (38.4)	$ (62.2)	$ (16.6)	$ 5.4	$ 7.9

Table 2 highlights changes for some of the most important revenue generating transactions in the ODOT state highway revenue forecast. Over the most recent expansion period, growth across DMV, Motor Carrier, and Motor Fuels peaked in 2015-2016. Growth has slowed through 2017 and in some cases has turned negative into 2018 and 2019. The effects of the COVID-19 crisis can be seen in 2020 with the across the board declines, followed by a recovery in 2021. The Real ID and HB 2015 impacts are reflected in the large changes in license transactions, beginning with the substantial increase in 2021 and subsequent drop in 2022 as the initial rush of applicants dissipate.

Table 2: Percentage Change in Selected Key Oregon Transportation Indicators

	Actual		Forecast								
	CY 18	CY 19	CY 20	CY 21	CY 22	CY 23	CY 24	CY 25	CY 26	CY 27	CY 28
MOTOR FUELS GALLONS (WITHOUT TRIGGERS)	0.3%	-0.2%	-10.3%	10.6%	0.7%	-0.1%	-0.1%	-0.3%	-0.3%	-0.9%	-1.0%
MOTOR FUELS GALLONS (WITH TRIGGERS)	0.3%	-0.2%	-10.3%	10.6%	0.6%	-0.2%	-0.1%	-0.3%	-0.3%	-0.9%	-1.0%
ORIGINAL CLASS C LICENSES	-1.4%	-3.0%	-8.9%	31.6%	-13.9%	0.9%	2.8%	0.3%	-0.9%	-0.7%	-0.5%
PASSENGER VEHICLE REGISTRATIONS	1.1%	0.3%	-2.9%	2.3%	-0.8%	2.1%	-0.2%	1.3%	-0.1%	0.8%	0.0%
TITLE TRANSFERS	-1.1%	-3.3%	-9.1%	5.3%	1.5%	1.8%	0.9%	0.4%	0.1%	0.0%	-0.2%
TRUCKING ACTIVITY (WEIGHT-MILE)	-2.1%	0.8%	-1.9%	1.5%	-0.8%	2.6%	-0.6%	1.5%	1.1%	1.0%	1.0%

DMV

The Driver and Motor Vehicle Services Division (DMV) is responsible for administration of driver and motor vehicle related activities. Revenues collected from the fees charged for the various DMV activities flow into the State Highway Fund, the Transportation Operating Fund and into other funds administered by ODOT divisions such as Public Transit and Passenger Rail. Additionally some fees net of costs are transferred to outside entities. For example, RV-related fees are transferred to the Oregon Parks and Recreation Department. Lastly, revenues remaining after deducting transfers and costs are apportioned to cities and counties statewide for local road repair, maintenance and construction.

The DMV forecast is produced at the transaction level and aggregated to the summary level. The transactions are grouped into three different business lines: Vehicle, Driver, and Business Regulation. The Vehicle program area contains the transactions related to legal ownership and operation of a vehicle, including titling, plates, registrations and permits. The Driver program contains the transactions related to the legal right to operate a vehicle, including permits, licenses, endorsements and the associated tests to obtain these rights to drive. The Business Regulation program is tasked with ensuring the businesses that sell vehicles in Oregon are properly licensed along with those that dismantle and transport vehicles.

In total the DMV forecast contains over 240 individual product transactions and over 100 different forecast equations. However, most of these transactions have little significant impact on the overall forecast as their volumes and fee levels are small. In FY 2019, of the total number of transactions, about 80 percent of the revenue was collected by about 10 DMV transactions. Passenger vehicle registrations alone accounted for almost 47 percent of all revenue collected by DMV. Other significant contributors are truck and light trailer registrations, light vehicle trip permits, light title transactions, plate manufacturing fees, vehicle and driver related record fees and class C non-commercial licenses and renewals.

DMV activities are affected by various economic and demographic variables and provide a reflection of broad undercurrents in the state. The impacts from changes in population, employment, migration, and economic production are readily evident in many of the DMV data series. In general, DMV activities are more strongly affected by demographic than economic changes, and as such are generally more immune to cyclical swings typical with economic variables. Of the three business lines in DMV, the Vehicle and Business Regulation programs are most susceptible to economic influences, especially related to new vehicle titles.

Since the 2008 recession, DMV revenues have been growing, fueled by post-recession pent up demand, Oregon's growing population due to high levels of in-state migration, and implementation of HB 2017 transportation package that increased many of the DMV fees. The trends were relatively stable and we were likely headed toward several years of slower growth period with an increasing anticipation of some sort of cyclical recession. The only three major things impacting our forecast were:

1) DMVs transition to a new licensing and vehicle transaction system - OLIVR,
2) The implementation of federal Real ID requirements, and
3) HB 2015 that allows undocumented residents to apply for driving privileges.

The circumstances have changed a bit in regards to economy due to COVID-19 pandemic and related shut-downs and stay-at-home orders. For this forecast cycle, first we developed a baseline forecast for DMV transactions that only took into consideration the economic impact of COVID-19. In the second step, three additional factors were layered on top of the baseline forecast:

1) The temporary closure of DMV offices (Mid-March through May 2020) and resulting pent-up demand for transactions once offices reopened
2) Grace period for registration and license renewals through October 1st, 2020 and
3) One year postponement of Real ID enforcement by Federal government.

Figure 3 below compares previous, April 2020, forecast to current, July 2020 forecast. As expected DMV office closures due to COVID-19 had a significant impact on revenues Mar-May 2020. May 2020 actual revenues were 59% lower than the April 2020 forecast. Figure 4 provides a fiscal year summary of the forecast. The overall 2019-21 biennium forecast is 3.9% lower than the previous forecast.

Figure 3: Total DMV Monthly Revenues (In Thousands)

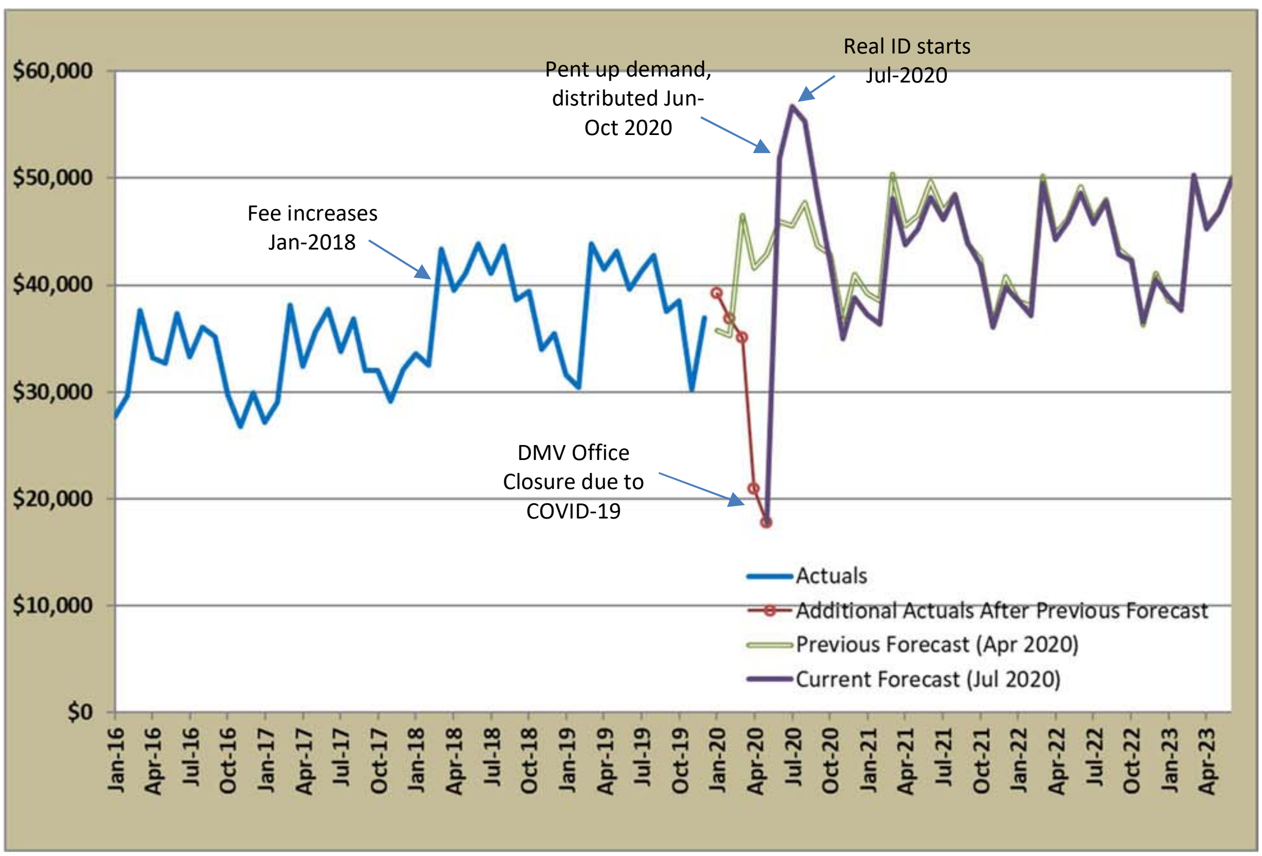
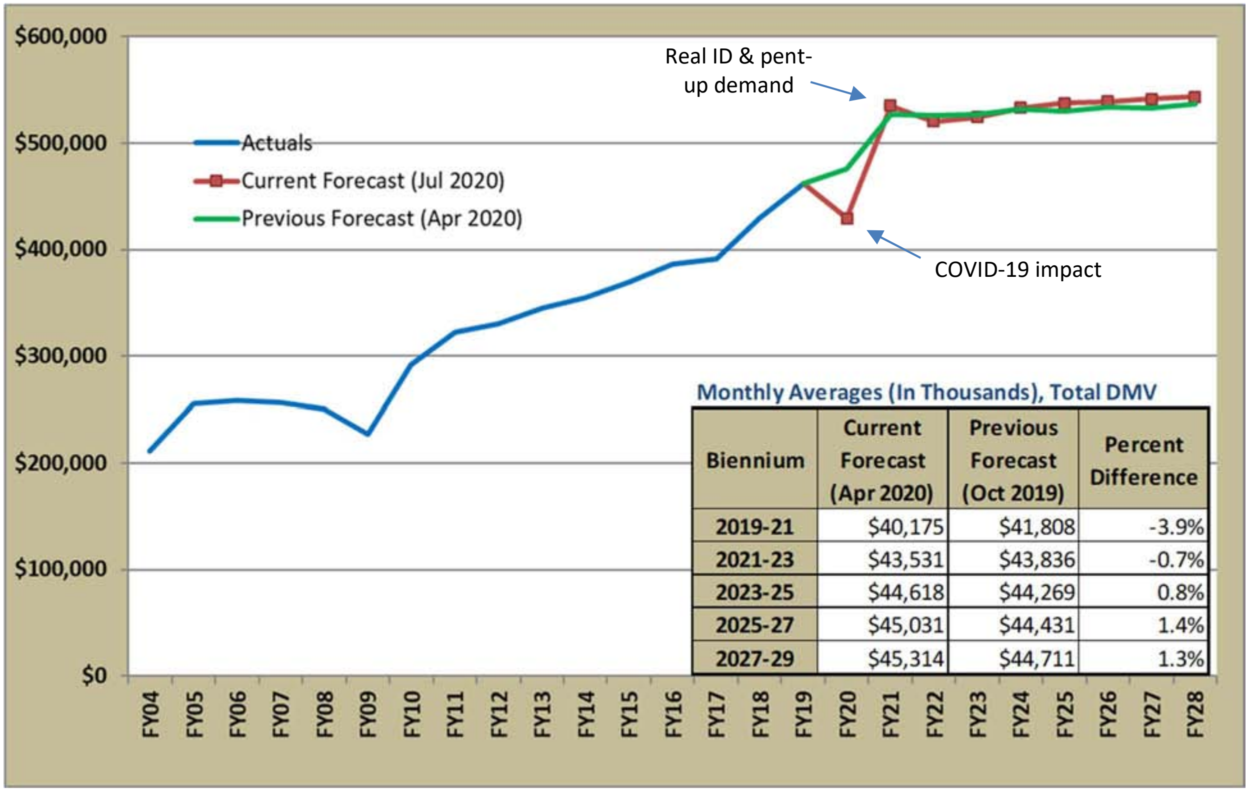


Figure 4: Total DMV Revenues by Fiscal Year (In Thousands)



Biennium	Current Forecast (Apr 2020)	Previous Forecast (Oct 2019)	Percent Difference
2019-21	$40,175	$41,808	-3.9%
2021-23	$43,531	$43,836	-0.7%
2023-25	$44,618	$44,269	0.8%
2025-27	$45,031	$44,431	1.4%
2027-29	$45,314	$44,711	1.3%

COVID-19

COVID-19 had a dramatic impact on DMV transaction volumes and consequently on highway fund revenues. Several major factors had a negative impact on transaction volumes: the slow-down in the economy; DMV office closures; 6 months grace period for renewing expired driver licenses, ID cards & vehicle registrations; and the extension of the federal cutoff date for Real ID compliance by one year.

Light vehicle sales is one of the leading indicators used in the models for some of our key transactions. The decline in light vehicle sales was more severe than we assumed in our April 2020 forecast. The magnitude of the drop is as deep as the drop during 2008 recession, however it's steeper and the expected recovery is faster, thus the overall cumulative loss in sales isn't as bad as during the last recession (Figure 5). This change in light vehicle sales forecast is reflected in some of DMV's top transactions such as four-year passenger vehicle registrations (Figure 6) and new vehicle titles (Figure 7). Keep in mind that these are the baseline forecasts that don't take into account the closure of DMV offices and resulting pent-up demand.

Figure 5. Total US Light Vehicle Sales (quarterly frequency – seasonally adjusted)

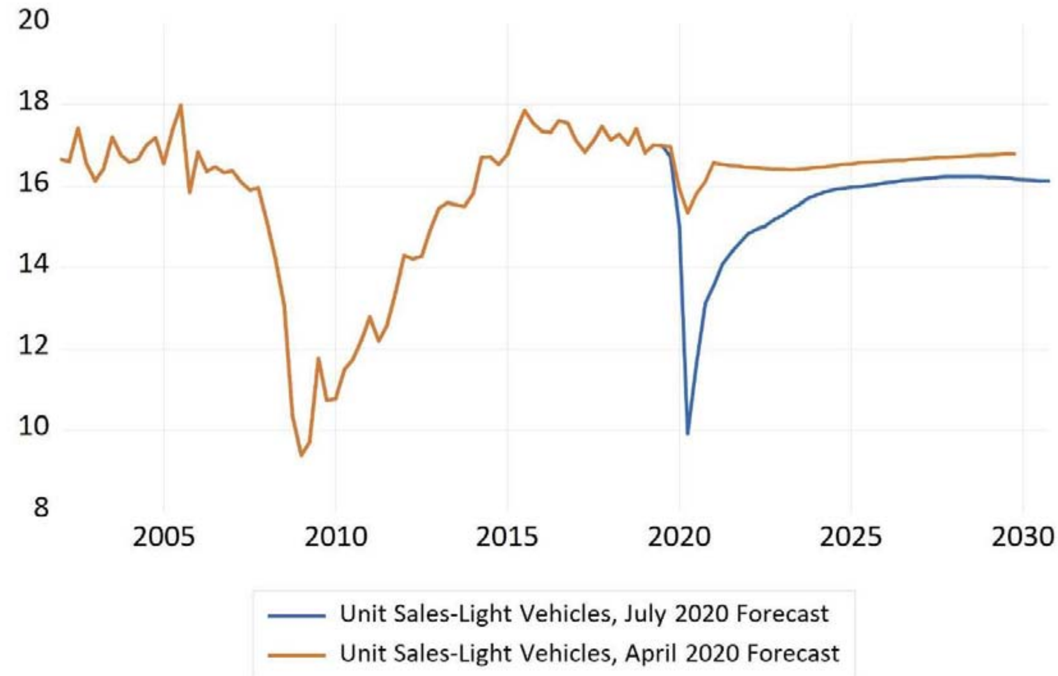


Figure 6. Four-Year Passenger Vehicle Registrations – Forecast Comparison (quarterly frequency – seasonally adjusted)

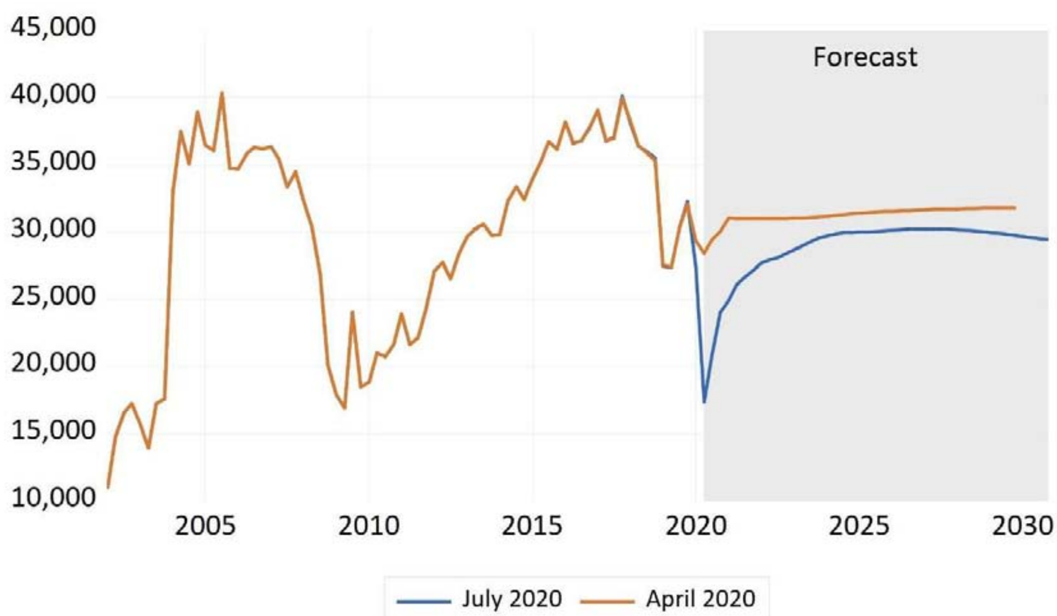
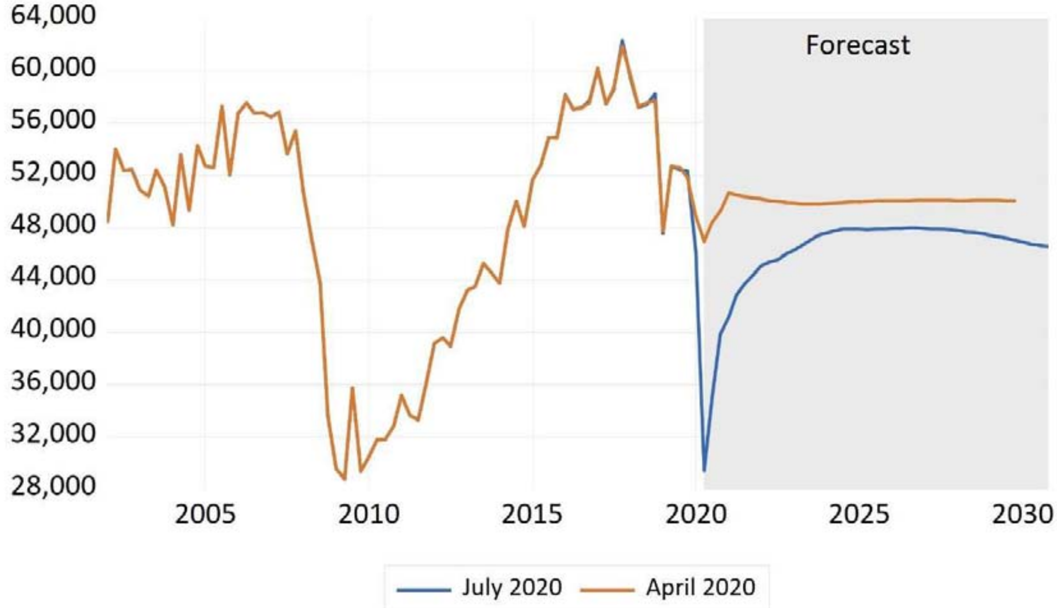


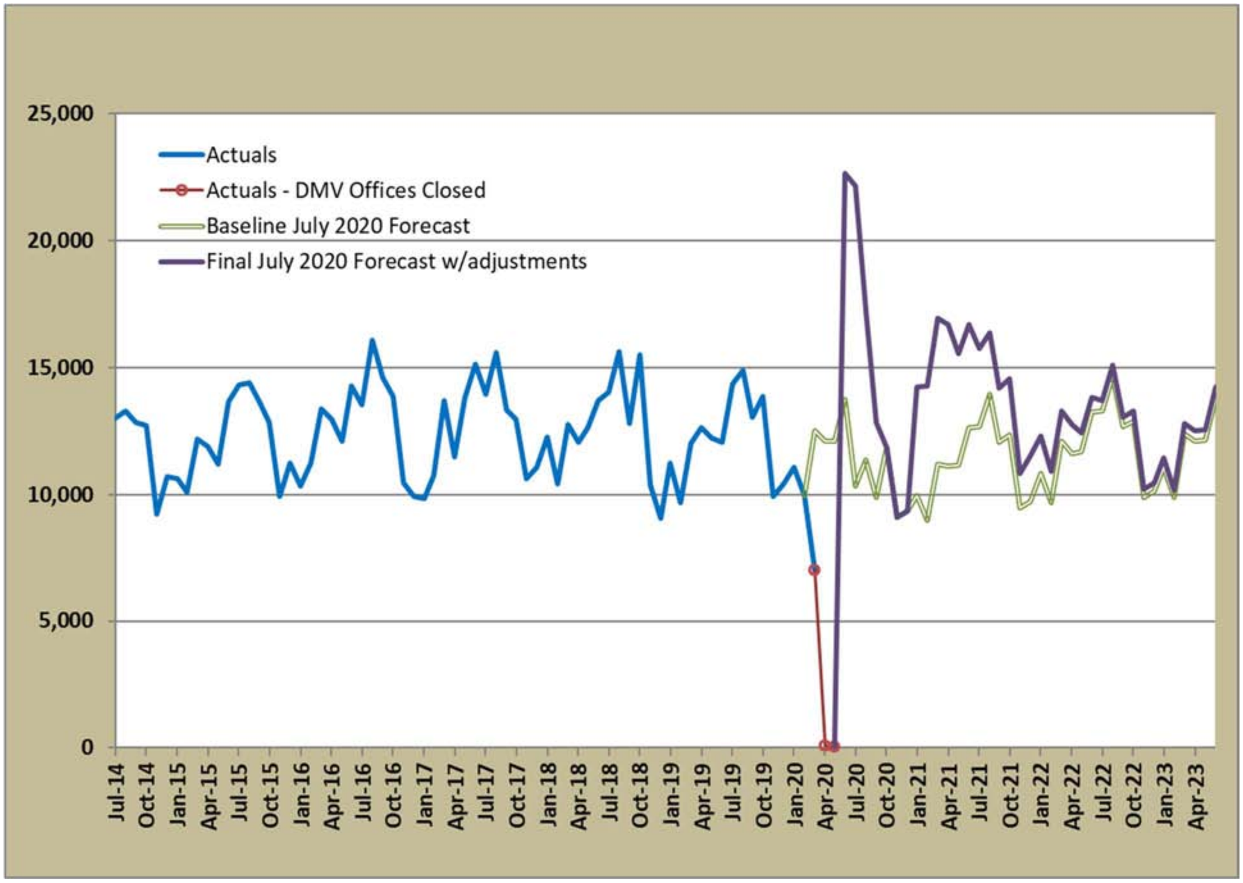
Figure 7. New Light Vehicle Titles – Forecast Comparison (quarterly frequency – seasonally adjusted)



The closure of DMV offices impacted various transactions disproportionately – driver and ID related transactions came to a near halt, while a lot of vehicle related transactions still happened through the mail or online. The difference between the baseline July 2020 forecast and the actual transactions for Mar-May 2020 was what we used as an estimate of a pent up demand for services once DMV offices resumed their operations.

We assumed that the pent up demand will be distributed over Jun - Oct 2020 period with the peak falling to Jul-Aug months. Additionally, we assessed each transaction individually and came to a conclusion that not all foregone services will still happen at a 100% rate. The variation ranged from 0% to 100%. For example, for Unregistered Vehicle Trip Permits we assumed 0% will be recovered, for 2-Year Passenger Registrations we expect 95% will be recovered, for Original Class C Driver Licenses we expect 100% recovery of lost transactions. Figure 8 shows Original Class C Driver License final forecast with two adjustments: pent up demand adjustment and HB 2015 adjustment (allows undocumented residents to apply for driving privileges, kicks in on Jan 2021).

Figure 8. Original Class C Driver License (Monthly Volume)



Real ID and HB 2015

Starting July 2020 DMV started issuing Real ID compliant licenses and ID cards. The fee for Real ID transaction is $30 and it will be collected each time it is renewed (every 8 years). Due to COVID-19, federal government decided to extend the October 2020 cutoff date by one year. This has resulted in major changes to our previous Real ID forecast.

Real ID transactions are estimated using two components: 1) temporary component, this is the pent-up demand to get a replacement card that would be real ID compliant and 2) permanent component, certain percentage of all new licenses or license renewal transactions will be real ID compliant (our current estimate is 50%). The pent-up demand (temporary component) is estimated at 320,000 and it did not change compared to the previous forecast. However, how it will be distributed in the next 18 months has changed dramatically (Figure 9).

The HB 2015 forecast is similar to the previous forecast. Figure 10 shows the incremental impacts on driver and ID transactions. Table 3 summarizes the difference between current and previous forecasts.

Figure 9. Real ID Pent Up Demand Distribution

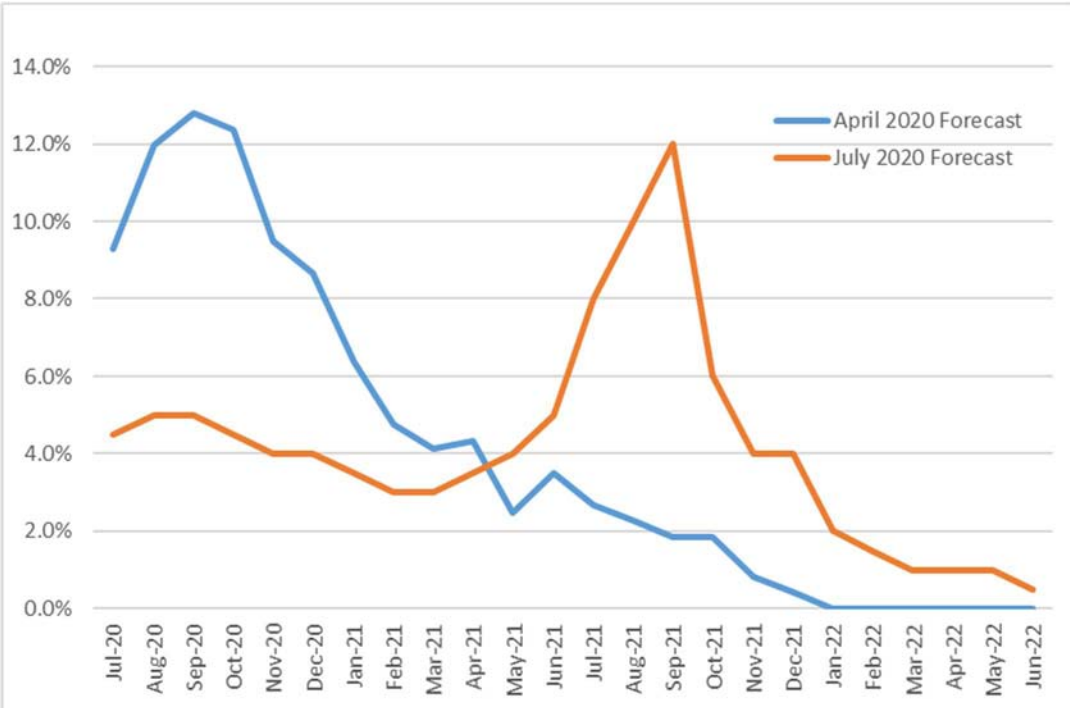


Figure 10. Total Driver & ID Card Transactions Impacted by Real ID & HB 2015

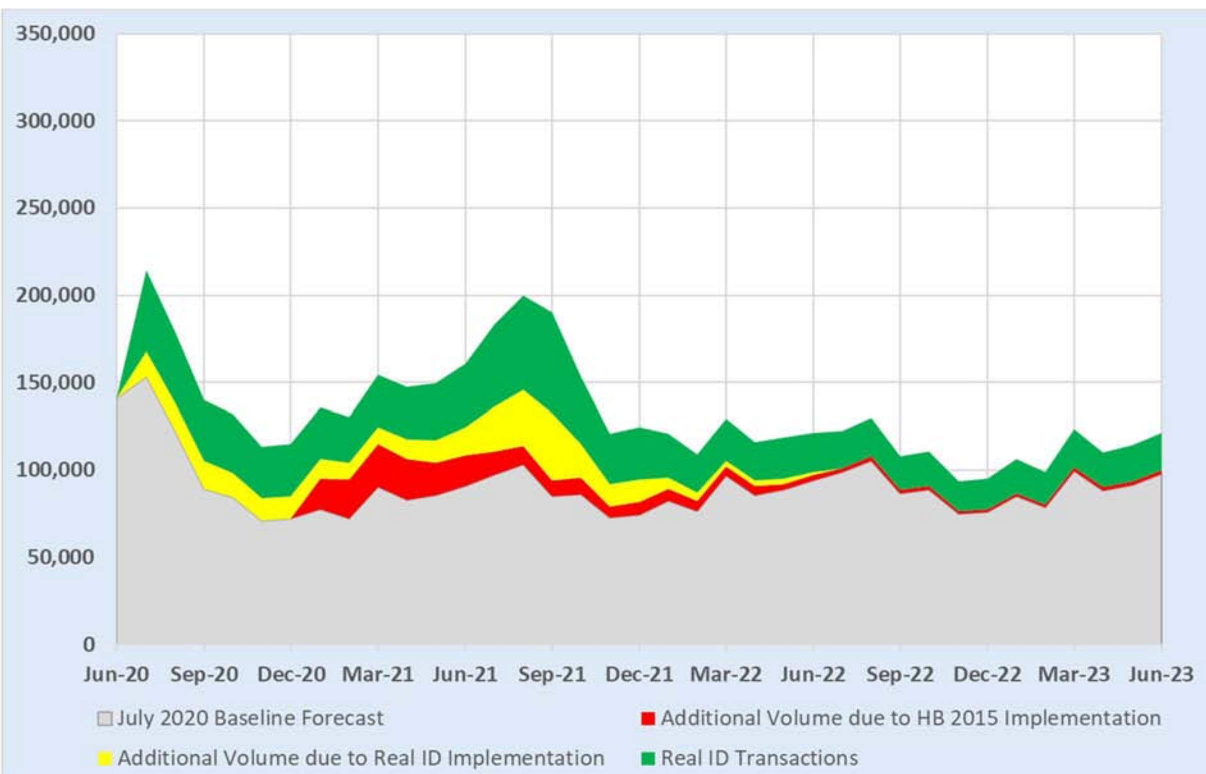


Table 3. Driver & ID Card Transactions Impacted by HB 2015 & Real ID, Forecast Comparison

	2019-21	2021-23	2023-25	2025-27	2027-29
July 2020 Forecast					
Baseline Forecast	1,942,118	2,115,580	2,201,160	2,119,676	2,067,540
Volume Increase due to HB 2015	124,638	110,532	50,854	50,576	49,918
Volume Increase due to Real ID	156,800	163,197	0	0	0
Real ID Transactions	397,622	632,820	483,406	447,301	429,636
Total Jul 2020 Forecast:	**2,621,178**	**3,022,129**	**2,735,420**	**2,617,553**	**2,547,094**
Increase from Baseline:	**35%**	**43%**	**24%**	**23%**	**23%**
April 2020 Forecast					
Baseline Forecast	2,047,197	2,188,425	2,226,640	2,128,030	2,084,234
Volume Increase due to HB 2015	125,241	112,784	51,654	50,848	50,141
Volume Increase due to Real ID	288,329	31,669	0	0	0
Real ID Transactions	513,579	512,577	487,656	448,640	436,184
Total Apr 2020 Forecast:	**2,974,346**	**2,845,455**	**2,765,950**	**2,627,518**	**2,570,559**
Increase from Baseline:	**45%**	**30%**	**24%**	**23%**	**23%**
Difference in Forecasts:					
Baseline Forecast	(105,079)	(72,845)	(25,480)	(8,355)	(16,694)
Volume Increase due to HB 2015	(603)	(2,252)	(800)	(272)	(223)
Volume Increase due to Real ID	(131,529)	131,528	0	0	0
Real ID Transactions	(115,957)	120,243	(4,250)	(1,339)	(6,548)
Total Difference:	**(353,168)**	**176,674**	**(30,530)**	**(9,966)**	**(23,465)**

Some of the revenues collected by DMV are not highway fund revenues, such as: ID card revenues, revenues from specialty plates (Smokey Bear, Gray Whale, Pacific Wonderland, etc.), Real ID revenues, snowmobile title and registration fees, motorhome, travel trailer, and camper registration fees, etc. While we produce forecasts for all DMV revenues, not all of them can be used for highway construction and maintenance. Table 4 shows the summary of DMVs highway fund revenues based on forecasted transaction volumes. The gross revenue portion of Table 4 is grouped into three major components reflecting the primary revenue sources: vehicle registrations, driver licenses, and vehicle titles. Overall we are expecting $35.6 million less in gross highway revenues for 2019-21 biennium compared to our previous forecast.

Table 4. Highway Fund Revenue Collected by DMV (Millions of Dollars)

		Actual		Forecast									
		FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
1	VEHICLE REGISTRATIONS	$221.8	$250.7	$244.3	$300.2	$291.3	$300.2	$304.5	$307.6	$310.1	$312.6	$314.4	$316.1
2	DRIVER LICENSES & OTHER	$32.7	$33.0	$29.1	$43.2	$40.7	$36.2	$37.0	$36.7	$35.6	$35.1	$34.8	$34.1
3	TITLE, PLATE & OTHER	$123.3	$130.8	$118.2	$135.7	$134.1	$138.9	$141.8	$143.4	$143.9	$144.3	$144.5	$144.5
4	**TOTAL DMV COLLECTIONS**	**$377.7**	**$414.4**	**$391.7**	**$479.1**	**$466.0**	**$475.3**	**$483.2**	**$487.6**	**$489.6**	**$492.0**	**$493.8**	**$494.7**
5	Change from Previous Forecast	$0.6	$0.4	($44.3)	$8.6	($10.5)	($3.3)	($1.1)	$4.8	$2.7	$6.1	$3.6	$4.8
6	COLLECTION/ADMINISTRATION & PROGRAM COST	($109.5)	($111.7)	($118.7)	($121.1)	($116.1)	($118.5)	($120.4)	($122.9)	($127.3)	($129.8)	($136.2)	($138.9)
7	TRAFFIC SAFETY TRANSFER	($0.6)	($0.6)	($0.6)	($0.6)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
8	DEPARTMENT OF EDUCATION TRANSFER	($0.1)	$0.0	($0.1)	$0.0	($0.1)	$0.0	($0.1)	$0.0	($0.1)	$0.0	($0.1)	$0.0
9	E-GOV RECORDS INCREMENTAL REVENUE TRANSFER	($5.9)	($6.0)	($7.3)	($8.6)	($8.5)	($8.6)	($8.6)	($8.6)	($8.6)	($8.6)	($8.6)	($8.6)
10	ODOT CENTRAL SERVICES ASSESSMENT	($30.1)	($30.7)	($30.7)	($31.3)	($32.9)	($33.5)	($35.2)	($35.9)	($37.6)	($38.4)	($38.4)	($38.4)
11	**NET DMV REVENUE**	**$231.6**	**$265.5**	**$234.2**	**$317.4**	**$308.4**	**$314.8**	**$319.0**	**$320.3**	**$316.0**	**$315.2**	**$310.5**	**$308.8**
12	REVENUE SET-ASIDE TO OTIA I & II - memo	($7.0)	($7.0)	($6.9)	($7.7)	($7.4)	($7.3)	($7.5)	($7.5)	($7.5)	($7.6)	($7.6)	($7.6)
13	REVENUE PLEDGED TO OTIA III - memo	($84.4)	($83.8)	($75.4)	($85.4)	($81.4)	($82.4)	($83.5)	($84.1)	($84.4)	($84.7)	($84.8)	($84.9)
14	REVENUE DUE TO JTA - memo	($112.3)	($111.6)	($100.5)	($111.9)	($106.9)	($108.2)	($109.7)	($110.4)	($110.8)	($111.2)	($111.4)	($111.6)
15	REVENUE DUE TO HB 2017 - memo	($38.5)	($74.7)	($84.5)	($123.7)	($126.0)	($135.5)	($138.6)	($141.2)	($143.2)	($145.0)	($146.4)	($147.7)

		Actual	Forecast				
		BI 17-19	BI 19-21	BI 21-23	BI 23-25	BI 25-27	BI 27-29
1	VEHICLE REGISTRATIONS	$472.4	$544.5	$591.5	$612.0	$622.7	$630.5
2	DRIVER LICENSES & OTHER	$65.6	$72.3	$76.8	$73.6	$70.7	$68.9
3	TITLE, PLATE & OTHER	$254.1	$253.9	$273.0	$285.2	$288.2	$289.0
4	**TOTAL DMV COLLECTIONS**	**$792.2**	**$870.8**	**$941.3**	**$970.8**	**$981.6**	**$988.5**
5	Change from Previous Forecast	$1.0	($35.6)	($13.9)	$3.8	$8.7	$8.4
6	COLLECTION/ADMINISTRATION & PROGRAM COST	($221.2)	($239.9)	($234.6)	($243.3)	($257.1)	($275.1)
7	TRAFFIC SAFETY TRANSFER	($1.2)	($1.3)	$0.0	$0.0	$0.0	$0.0
8	DEPARTMENT OF EDUCATION TRANSFER	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)
9	E-GOV RECORDS INCREMENTAL REVENUE TRANSFER	($11.9)	($15.9)	($17.1)	($17.2)	($17.2)	($17.3)
10	ODOT CENTRAL SERVICES ASSESSMENT	($60.8)	($62.0)	($66.4)	($71.0)	($76.0)	($76.8)
11	**NET DMV REVENUE**	**$497.1**	**$551.6**	**$623.2**	**$639.3**	**$631.2**	**$619.3**
12	REVENUE SET-ASIDE TO OTIA I & II - memo	($14.0)	($14.6)	($14.8)	($15.0)	($15.1)	($15.3)
13	REVENUE PLEDGED TO OTIA III - memo	($168.2)	($160.7)	($163.8)	($167.6)	($169.1)	($169.8)
14	REVENUE DUE TO JTA - memo	($224.0)	($212.4)	($215.2)	($220.1)	($222.0)	($223.0)
15	REVENUE DUE TO HB 2017 - memo	($113.3)	($208.2)	($261.5)	($279.8)	($288.2)	($294.2)

Motor Carrier

Trucking activity and the freight industry contribute to the State Highway Fund through the weight-mile tax, heavy vehicle registration fees, and other Motor Carrier fees. Changes in economic conditions within Oregon and the nation as a whole influence each of these revenue sources. State and federal legislation can also impact trucking activity.

The weight-mile tax is the largest source of trucking-related revenue. This highway use tax applies to trucks with a gross weight over 26,000 pounds. The tax paid by a motor carrier varies with the weight of the vehicle, the number of miles traveled, and the axle configuration. The carriers generally have the option of paying on a monthly or quarterly schedule, but in some cases will pay by the trip. Certain qualifying motor carriers, such as those transporting logs, wood chips and sand/gravel, may pay the highway use tax based on a flat monthly fee. The weight-mile revenue and transaction totals discussed in this report include the trip based, monthly, quarterly and flat fee revenue, as well as revenues from a small number of other trip-related fees.

An estimate of weight-mile "transactions" provides the basis for the current forecast of weight-mile revenues. This methodology, also used for prior forecasts, constructs a measure of weight-mile transactions by normalizing revenue by the tax rate paid for a typical heavy vehicle. The forecasting model regresses the normalized weight-mile transactions on Oregon construction and durable goods employment, real consumer spending on durable goods, and industrial production and sales of heavy trucks in order to estimate weight-mile transactions. The variables in the model that have the most significant impact on the forecast are real consumer spending on durable goods and Oregon construction employment.

Through May, the most recent month of data, trucking activity has not been significantly impacted by the recession. While there have been significant declines in construction employment and consumer spending on durable goods, other consumer categories have seen large increases, particularly in grocery and online retail. While ODOT lacks commodity data from motor carriers, simply based on the lack of a drop in revenue there must be sufficient substitution between low demand to high demand commodities to keep firms operating at levels expected as if there was no recession.

However, this unexpected resiliency in weight-mile revenue is not expected to last. The CARES act, through the direct stimulus to households, PPP potentially forgivable loans, and the additional unemployment benefits have a limited ability to shore up household and business finances. As their ability to help wanes, spending should also slow down and overall demand for goods should slow as well. Hopefully, mostly offsetting this should be the timing of the recovery. As workers return to their jobs and business reopen, demand for trucking services from the more traditional sources should return, even as the CARES related spending recedes.

Timing is key to maintaining a consistent level of trucking activity. If the recovery stalls and no additional stimulus arrives, demand for trucking will decline making the impact more severe. However, if the economy continues to recover and additional stimulus is provided, we might see an increase in trucking, translating into an increase in weight-mile revenues. Overall, we expect a slight decline in weight-mile transactions of about four percent in FY21 over FY20, and then a slow recovery through FY24.

In addition to the economic changes, under HB 2017 the weight-mile tax rates increased in 2018 and 2020, with upcoming increases scheduled for 2022 and 2024, for a total of 53 percent over the 2017 rates. These significant rate increases will also have an impact on trucking activity as businesses look for ways to minimize the impact of these higher rates.

Row 1 of Table 5 shows the amount of weight-mile and flat fee revenues collected each fiscal year. In 2019, weight-mile and flat-fee revenues totaled $374.6 million, increasing 14.2 percent over 2018. This strong growth is from the HB 2017 rate increases. As noted above, through May the recession has not impacted weight-mile tax revenue and FY20 is now expected to end $6.1 million higher than projected back in April. A slight decline in FY21 is expected with no rate changes and no additional federal stimulus. Revenue growth is strong in 2022 through 2025 as the next two rate increases are implemented and the economy fully recovers. Beyond 2025 growth slows to rates around one percent.

Row 2 of Table 5 shows heavy vehicle registration fee revenues. It includes both International Registration Plan (IRP) registration fees paid by interstate carriers and the Commercial registration fees paid by intrastate carriers. Together these heavy vehicle registration fees totaled $48.1 million in fiscal year 2019. Similar to weight-mile, these revenue sources have not been impacted much so far by the recession, and like weight-mile we expect some decrease in registrations in FY21 as we move beyond the stimulus period. Going forward, revenues are expected to recover through FY25 and then maintain their historical consistency, staying around $47 million per year.

Row 3 shows the revenues from Road Use Assessment Fees (RUAF), permits, passes, and credentials such as weight receipts and cab cards. This row also includes OTIA III Local Fund fee increments from the commercial driver permits, licenses, and tests, along with weight receipts. Overall, total revenue from these heavy vehicle sources increased slightly as the rates were increased for a few of these transactions as part of HB 2017. However, HB 4059 passed in the 2018 Legislative Session rolled back some of these rate increases effective January 2020. In addition, HB 2592 passed during the 2019 Legislative Session eliminated the weight receipt. This was effective October of 2019, and is responsible for the drop in revenue from FY19 to FY20, as it averaged about $4.5 million per year. As with the other sources, we expect a drop in FY21 before slowly recovering through FY25.

Row 4 reports the total gross revenues for the Motor Carrier Division and row 5 shows the change from the prior forecast. Overall, the difference between the two forecasts beyond the unexpected resiliency in FY20 weight-mile revenue is due to the extended recovery.

Row 9 reports the revenues net of collection costs. Rows 10 through 13 highlight the amounts Motor Carrier contributes to the OTIA, JTA and HB 2017 programs.

Table 5. Highway Fund Revenue Collected by Commerce and Compliance (Millions of Dollars)

		Actual		Forecast									
		FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
1	WEIGHT-MILE TAX	$328.2	$374.6	$388.2	$383.1	$410.4	$436.5	$451.0	$468.6	$473.8	$478.4	$483.6	$488.1
2	IRP & COMMERCIAL VEHICLE REGISTRATIONS*	$45.6	$48.1	$47.5	$43.4	$44.5	$45.6	$46.5	$47.6	$47.7	$47.8	$47.8	$47.9
3	RUAF, PERMITS, PASSES & CREDENTIALS**	$10.0	$10.8	$6.9	$6.3	$6.4	$6.5	$6.6	$6.8	$6.8	$6.8	$6.8	$6.8
4	**TOTAL MCTD COLLECTIONS**	**$383.7**	**$433.5**	**$442.6**	**$432.8**	**$461.3**	**$488.6**	**$504.1**	**$523.0**	**$528.3**	**$532.9**	**$538.2**	**$542.8**
5	Change from Previous Forecast	$0.0	$0.0	$4.5	($1.1)	($9.0)	($3.2)	($1.1)	$0.0	$0.0	$0.0	$0.0	$0.0
6	COLLECTION/ADMINISTRATION & PROGRAM COST	($32.8)	($33.4)	($35.4)	($36.2)	($37.9)	($38.7)	($40.6)	($41.4)	($43.4)	($44.3)	($46.5)	($47.4)
7	IFTA BUDGETED EXPENDITURES***	$1.1	$1.1	$0.4	$0.4	$0.4	$0.4	$0.4	$0.4	$0.4	$0.4	$0.4	$0.4
8	ODOT CENTRAL SERVICES ASSESSMENT	($9.9)	($10.1)	($11.8)	($12.1)	($12.7)	($12.9)	($13.5)	($13.8)	($14.5)	($14.8)	($15.5)	($15.8)
9	**NET MCTD REVENUE**	**$342.1**	**$391.0**	**$395.7**	**$384.9**	**$411.1**	**$437.4**	**$450.3**	**$468.2**	**$470.8**	**$474.2**	**$476.6**	**$480.0**
10	REVENUE SET-ASIDE TO OTIA I & II - memo	($9.4)	($9.5)	($10.1)	($8.9)	($8.9)	($9.0)	($9.0)	($9.0)	($9.0)	($9.1)	($9.2)	($9.3)
11	REVENUE PLEDGED TO OTIA III - memo	($31.2)	($32.1)	($30.8)	($29.2)	($29.9)	($30.3)	($30.6)	($30.9)	($31.2)	($31.4)	($31.7)	($31.9)
12	REVENUE DUE TO JTA - memo	($82.0)	($84.3)	($84.9)	($80.5)	($82.4)	($83.5)	($84.3)	($85.4)	($86.1)	($86.7)	($87.4)	($88.0)
13	REVENUE DUE TO HB 2017 - memo	($34.6)	($75.8)	($85.4)	($91.9)	($112.8)	($135.8)	($148.9)	($164.3)	($166.1)	($167.7)	($169.5)	($171.1)

		Actual	Forecast				
		BI 17-19	BI 19-21	BI 21-23	BI 23-25	BI 25-27	BI 27-29
1	WEIGHT-MILE TAX	$702.8	$771.3	$846.9	$919.6	$952.2	$971.7
2	IRP & COMMERCIAL VEHICLE REGISTRATIONS*	$93.7	$90.9	$90.1	$94.1	$95.5	$95.8
3	RUAF, PERMITS, PASSES & CREDENTIALS**	$20.8	$13.2	$12.9	$13.4	$13.6	$13.6
4	**TOTAL MCTD COLLECTIONS**	**$817.2**	**$875.4**	**$949.9**	**$1,027.1**	**$1,061.3**	**$1,081.0**
5	Change from Previous Forecast	$0.0	$3.5	($12.2)	($1.1)	$0.0	$0.0
6	COLLECTION/ADMINISTRATION & PROGRAM COST	($66.2)	($71.6)	($76.6)	($82.0)	($87.7)	($93.8)
7	IFTA BUDGETED EXPENDITURES***	$2.2	$0.7	$0.7	$0.7	$0.7	$0.7
8	ODOT CENTRAL SERVICES ASSESSMENT	($20.1)	($23.9)	($25.6)	($27.4)	($29.3)	($31.3)
9	**NET MCTD REVENUE**	**$733.1**	**$780.6**	**$848.4**	**$918.5**	**$945.0**	**$956.6**
10	REVENUE SET-ASIDE TO OTIA I & II - memo	($19.0)	($19.0)	($17.9)	($18.0)	($18.1)	($18.4)
11	REVENUE PLEDGED TO OTIA III - memo	($63.4)	($60.1)	($60.2)	($61.5)	($62.6)	($63.6)
12	REVENUE DUE TO JTA - memo	($166.3)	($165.4)	($165.9)	($169.7)	($172.7)	($175.4)
13	REVENUE DUE TO HB 2017 - memo	($110.3)	($177.4)	($248.5)	($313.2)	($333.8)	($340.5)

*IRP: International Registration Plan.
**RUAF: Road Use Assessment Fees.
***IFTA: International Fuel Tax Agreement.

Motor Fuels

Motor Fuels revenue is derived from the tax paid on the sale of both motor vehicle fuels (gasoline) and use fuels (predominately diesel). The distinction is important because the tax is collected in different parts of the supply chain. Gasoline is taxed at the point of first sale, when the dealer or distributor purchases the fuel from the terminal. Diesel on the other hand is taxed later in the supply chain, at the retail level. This gives retailers like card lock stations the option of not imposing the tax on heavy trucks that pay the weight-mile tax instead of the motor fuels tax. The separation between when a vehicle pays the fuels tax or pays the weight-mile tax is at the 26,000 pound weight class. Generally a vehicle up to 26,000 pounds will pay the fuels tax and register their vehicle through DMV, while vehicles over this weight will pay the weight-mile tax and register their vehicle through Motor Carrier.

Gasoline comprises the largest share of taxable fuel at roughly 90 percent, while diesel comprises the remaining 10 percent. This has not always been the case: in the past, taxable diesel represented as low as one percent of sales back in 1980. However as more vehicles required to pay the fuels tax switch to diesel, it has been steadily increasing its share. Since about 2014, diesel's share has leveled out at just over 10 percent.

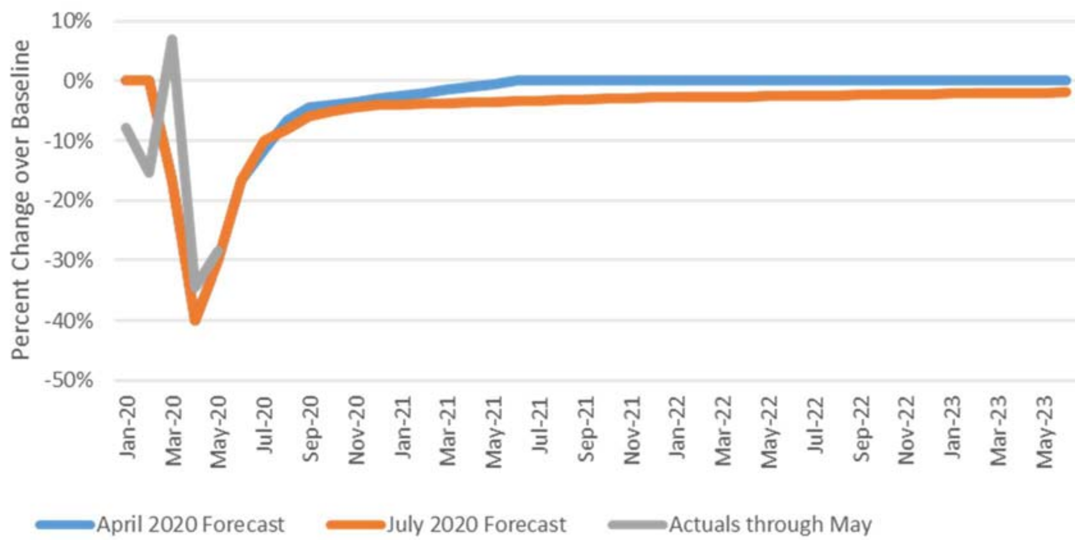
The motor fuels forecast model regresses the volume of motor fuels on the price of fuel, stock fuel efficiency of the light vehicle fleet, stock of passenger vehicles and Oregon total nonfarm employment. Generally the forecast model does a good job of the 6-months ahead forecast, with forecast errors averaging 1.3% over the last 12 years. However, this forecast is an exception over the short run, where the model predicted values are significantly higher than the observed actuals, and are likely continued to be over the next couple quarters. This is rendering the model predicted values relatively useless over the short term.

Thankfully, the change in the traffic count data has proven to be a reliable measure of the change in motor fuel sales. In the April forecast, this data was used to estimate the magnitude of the initial drop in sales, and a short term forecast was developed based on the forecast advisory group's expectations for traffic recovery. Those expectations have proven remarkably accurate to date and the April forecast is only 2.0% less than actual tax receipts through first five months of 2020.

A slight update to those traffic recovery assumptions and taking into account the extended recovery for the economy are driving the changes in the July forecast. Figure 9 below compares actual tax receipts and the two forecasts relative to their change over the April baseline forecast, which was a business as usual forecast before the pandemic and subsequent recession. As the chart shows, the April forecast over predicted sales in January and February but under predicted sales in March. Anecdotally, it has been suggested that households and businesses may have stockpiled some fuel in March, which could account for the under prediction in March and the lack of a tie to the decline in traffic volumes that month as shown in Figure 1 earlier in this report. Regardless, the April and May actuals were close to the expectation from the April forecast, and since the traffic data does not have the lag that the tax data does, we can see from the traffic growth in Figure 1 that motor fuel sales should continue to rebound.

Over the next several months the April and July forecasts are largely similar. They begin to diverge as we head into 2021. In the April forecast we assumed a full recovery could be realized by July of 2021 bringing fuel sales back to the baseline level. Now, given the projected extended recovery provided by the Office of Economic Analysis in the June State Economic Forecast, we've extended the fuel sales recovery as well.

Figure 9: Forecast comparison change over pre-recession baseline



Lastly, HB 2017 included guaranteed and conditional fuels tax rate increases. Since the bill only guarantees the first four cent tax rate increase, this necessitates creating a forecast where we assume all the conditions are met and the full ten cents in increases are implemented, and one where only what is guaranteed is implemented. For now, only the first six cents are included in the guaranteed version. However, since consumption is not very sensitive to price changes, the impact of the six cent increase is very minor.

Row 2 of Table 6 shows the total gross revenue from the motor fuels taxes. Fiscal year 2019 finished with $625 million in gross revenues growing at a 7.7 percent rate, which includes the first full year of new revenue from HB 2017. Going forward, 2020 bears the brunt of the revenue loss due to the abrupt drop in travel. 2021 and 2022 are primary recovery years, while 2023 through 2025 hold steady as the recovery growth is offset by increasing fuel efficiency. Beyond 2025, the economy is expected to be recovered but fuels tax revenues decline as increasing fuel efficiency acts as a drag on sales under slow economic growth conditions.

Rows 4 through 13 lists the costs associated with the Fuels Tax program and the statutory transfers that occur prior to apportionment.

Rows 16 through 19 highlight the amounts that the motor fuels tax contributes to the OTIA, JTA and HB 2017 programs, either as a portion of the OTIA I set-aside shown in row 10 or as the incremental revenues from the OTIA III, JTA and HB 2017 programs shown in rows 17 through 19. Note that the OTIA III legislation did not increase the motor fuels tax rate so the incremental amount is zero.

Table 6. Highway Fund Revenue Collected by FSB (Millions of Dollars) (Includes Guaranteed Fuels Tax Increases Only – Currently 6 Cents)

		Actual		Forecast									
		FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
1	MOTOR FUELS TAXES	$580.7	$625.2	$592.3	$646.6	$662.0	$663.5	$662.1	$661.4	$659.2	$655.5	$648.7	$642.4
2	**TOTAL FSB COLLECTIONS**	**$580.7**	**$625.2**	**$592.3**	**$646.6**	**$662.0**	**$663.5**	**$662.1**	**$661.4**	**$659.2**	**$655.5**	**$648.7**	**$642.4**
3	Change from Previous Forecast	$0.0	$0.0	$3.7	($10.5)	($19.4)	($14.8)	($10.6)	($6.5)	($2.5)	($0.0)	$0.0	$0.0
4	COLLECTION/ADMINISTRATION COST	($1.9)	($1.9)	($2.0)	($2.1)	($2.2)	($2.2)	($2.3)	($2.4)	($2.5)	($2.6)	($2.7)	($2.7)
5	ODOT CENTRAL SERVICES ASSESSMENT	($0.4)	($0.4)	($0.3)	($0.4)	($0.4)	($0.4)	($0.4)	($0.4)	($0.4)	($0.4)	($0.5)	($0.5)
6	SNOWMOBILE TRANSFER	($0.7)	($0.7)	($0.7)	($0.8)	($0.8)	($0.8)	($0.8)	($0.8)	($0.8)	($0.8)	($0.8)	($0.8)
7	CLASS I ATV TRANSFER	($2.8)	($2.7)	($2.8)	($2.9)	($2.9)	($2.9)	($2.8)	($2.8)	($2.8)	($2.8)	($2.8)	($2.8)
8	MARINE BOARD TRANSFER	($4.1)	($4.5)	($4.6)	($4.7)	($4.7)	($4.7)	($4.7)	($4.7)	($4.7)	($4.7)	($4.7)	($4.7)
9	CLASS II ATV TRANSFER	($1.4)	($1.4)	($1.5)	($1.5)	($1.5)	($1.5)	($1.5)	($1.5)	($1.5)	($1.5)	($1.5)	($1.5)
10	CLASS III ATV TRANSFER	($1.3)	($1.4)	($1.4)	($1.5)	($1.5)	($1.5)	($1.5)	($1.5)	($1.5)	($1.5)	($1.5)	($1.5)
11	CLASS IV ATV TRANSFER	($0.9)	($1.0)	($1.1)	($1.1)	($1.1)	($1.1)	($1.1)	($1.1)	($1.1)	($1.1)	($1.1)	($1.1)
12	TRANSPORTATION OPERATING FUND (TOF)	($12.3)	($13.2)	($13.9)	($13.7)	($13.9)	($14.1)	($14.4)	($14.6)	($14.8)	($15.0)	($15.2)	($15.5)
13	AVIATION TRANSFER	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)
14	HB 2435 (2013 Session) B20 FUEL TAX EXEMPTION -memo	($5.3)	($5.6)	($2.9)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
15	**NET FSB REVENUE**	**$554.9**	**$597.9**	**$563.8**	**$617.9**	**$633.1**	**$634.3**	**$632.5**	**$631.6**	**$629.0**	**$625.1**	**$618.0**	**$611.4**
16	REVENUE ALLOCATION TO OTIA I & II SET-ASIDE - memo	($19.2)	($19.1)	($18.6)	($19.0)	($19.3)	($19.3)	($19.3)	($19.2)	($19.2)	($19.1)	($19.0)	($18.8)
17	REVENUE PLEDGED TO OTIA III - memo	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
18	REVENUE DUE TO JTA - memo	($110.3)	($111.0)	($102.5)	($107.8)	($110.4)	($110.6)	($110.4)	($110.3)	($109.9)	($109.3)	($108.2)	($107.2)
19	REVENUE DUE TO HB 2017 - memo	($35.4)	($74.0)	($83.3)	($107.8)	($110.4)	($110.6)	($110.4)	($110.3)	($109.9)	($109.3)	($108.2)	($107.2)

		Actual	Forecast				
		BI 17-19	BI 19-21	BI 21-23	BI 23-25	BI 25-27	BI 27-29
1	MOTOR FUELS TAXES	$1,205.9	$1,238.9	$1,325.6	$1,323.4	$1,314.7	$1,291.1
2	**TOTAL FSB COLLECTIONS**	**$1,205.9**	**$1,238.9**	**$1,325.6**	**$1,323.4**	**$1,314.7**	**$1,291.1**
3	Change from Previous Forecast	$0.0	($6.8)	($34.2)	($17.2)	($2.5)	$0.0
4	COLLECTION/ADMINISTRATION COST	($3.8)	($4.1)	($4.4)	($4.7)	($5.1)	($5.4)
5	ODOT CENTRAL SERVICES ASSESSMENT	($0.8)	($0.7)	($0.8)	($0.8)	($0.9)	($0.9)
6	SNOWMOBILE TRANSFER	($1.5)	($1.5)	($1.5)	($1.5)	($1.5)	($1.5)
7	CLASS I ATV TRANSFER	($5.5)	($5.7)	($5.7)	($5.7)	($5.6)	($5.6)
8	MARINE BOARD TRANSFER	($8.6)	($9.3)	($9.4)	($9.4)	($9.4)	($9.4)
9	CLASS II ATV TRANSFER	($2.8)	($3.0)	($3.0)	($3.0)	($3.0)	($3.0)
10	CLASS III ATV TRANSFER	($2.7)	($2.9)	($2.9)	($2.9)	($2.9)	($2.9)
11	CLASS IV ATV TRANSFER	($1.9)	($2.2)	($2.2)	($2.2)	($2.2)	($2.2)
12	TRANSPORTATION OPERATING FUND (TOF)	($25.5)	($27.7)	($28.1)	($28.9)	($29.8)	($30.7)
13	AVIATION TRANSFER	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)
14	HB 2435 (2013 Session) B20 FUEL TAX EXEMPTION -memo	($10.9)	($2.9)	$0.0	$0.0	$0.0	$0.0
15	**NET FSB REVENUE**	**$1,152.8**	**$1,181.7**	**$1,267.4**	**$1,264.1**	**$1,254.2**	**$1,229.3**
16	REVENUE ALLOCATION TO OTIA I & II SET-ASIDE - memo	($38.2)	($37.6)	($38.6)	($38.5)	($38.2)	($37.8)
17	REVENUE PLEDGED TO OTIA III - memo	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
18	REVENUE DUE TO JTA - memo	($221.2)	($210.4)	($221.0)	($220.6)	($219.2)	($215.4)
19	REVENUE DUE TO HB 2017 - memo	($109.4)	($191.1)	($221.0)	($220.6)	($219.2)	($215.4)

Highway Revenue Forecast Summary

As in the April 2020 forecast, this forecast comes with a heightened level of uncertainty. While it looks like we're on the road to recovery the duration of the economic impact of this recession is still unknown. Since the cause of this recession is the COVID-19 pandemic, how quickly we make our way back is primarily a function of how the health crisis plays out. If the economic reopening slows or reverses course, this could lead to larger revenue losses than expected. Even though we have a couple months of data to help gauge the initial impact our forecast is still based on very little data. Over the coming months, as additional data becomes available and more is known about the duration of virus we will look to improve our impact estimates.

Row 5 of Table 7 sums all the collection and program costs for DMV, Motor Carrier, and Motor Fuels, and the pre-apportionment transfers. It also includes the incremental revenues from the OTIA III, JTA and HB 2017 programs. Row 6 is the total gross revenue minus the amount in row 5.

Rows 7 through 19 are memo items creating summaries of different bill components related to forecast revenues. Note that HB 2017 created not only new revenues but also included some dedicated funds prior to apportionment and new bonding potential. Row 17 includes a placeholder for bonds to support the projects from Section 71 of the bill. The 2019 Legislature authorized the sale of these bonds, with the anticipated sale during the spring of 2021.

Rows 20 through 26 summarize the net revenue for each OTIA, JTA and HB 2017 program disaggregated by amounts to the local governments or to the state. Row 27 represents the total net revenue for distribution by summing rows 20 through 26 plus row 6.

Table 8 separates the total from row 22 in Table 7 into county, city and state apportionments by apportionment formula, whether it is pre-OTIA, OTIA I&II, OTIA III, JTA or HB 2017.

A separate monthly forecast of the County/City Apportionments is available under "Highway Revenue Apportionment Forecasts" at http://www.oregon.gov/ODOT/Data/Pages/Revenue-Forecasts.aspx

Table 7. Highway Fund Revenue by Fiscal Year and Biennium (Millions of Dollars) (Includes Guaranteed Fuels Tax Increases Only – Currently 6 Cents)

		Actual		Forecast									
		FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
1	TOTAL MCTD COLLECTIONS	$383.7	$433.5	$442.6	$432.8	$461.3	$488.6	$504.1	$523.0	$528.3	$532.9	$538.2	$542.8
2	TOTAL FSB COLLECTIONS	$580.7	$625.2	$592.3	$646.6	$662.0	$663.5	$662.1	$661.4	$659.2	$655.5	$648.7	$642.4
3	TOTAL DMV COLLECTIONS	$377.7	$414.4	$391.7	$479.1	$466.0	$475.3	$483.2	$487.6	$489.6	$492.0	$493.8	$494.7
4	**TOTAL GROSS HIGHWAY FUND**	**$1,342.2**	**$1,473.1**	**$1,426.6**	**$1,558.5**	**$1,589.4**	**$1,627.4**	**$1,649.4**	**$1,672.0**	**$1,677.1**	**$1,680.5**	**$1,680.7**	**$1,679.9**
5	COLLECTION, PROGRAMS, & TRANSFERS (incl.obligated OTIA & JTA)	($718.2)	($846.3)	($863.5)	($953.9)	($974.5)	($1,014.9)	($1,040.3)	($1,064.7)	($1,078.6)	($1,086.9)	($1,099.00)	($1,105.16)
6	**NET REVENUE TO HIGHWAY FUND**	**$624.0**	**$626.9**	**$563.1**	**$604.6**	**$614.9**	**$612.6**	**$609.1**	**$607.3**	**$598.5**	**$593.6**	**$581.7**	**$574.8**
7	OTIA I & II SET ASIDE - memo	$35.6	$35.6	$35.6	$35.6	$35.6	$35.6	$35.6	$35.6	$35.6	$35.6	$35.6	$35.6
8	DEBT SERVICE (OTIA I & II) - memo	($32.4)	($30.7)	($29.0)	($26.1)	($20.9)	($19.2)	($19.7)	($19.2)	($18.8)	($19.7)	($24.3)	($26.8)
9	OTIA III Dedicated Revenues - memo	$107.3	$107.1	$99.5	$106.1	$103.3	$104.7	$106.0	$106.9	$107.5	$108.0	$108.4	$108.7
10	DEBT SERVICE (OTIA III) - memo	($98.4)	($97.1)	($95.0)	($100.7)	($107.9)	($109.3)	($108.7)	($107.6)	($106.8)	($116.5)	($128.7)	($135.5)
11	JTA Total Gross Revenues - memo	$304.6	$306.9	$287.9	$300.2	$299.7	$302.4	$304.3	$306.0	$306.8	$307.2	$307.0	$306.7
12	JTA Allocation for Long-Range Planning - memo	($24.0)	($24.0)	($24.0)	($24.0)	($24.0)	($24.0)	($24.0)	($24.0)	($24.0)	($24.0)	($24.0)	($24.0)
13	DEBT SERVICE (JTA) - State Only - memo	($44.7)	($56.3)	($62.8)	($65.2)	($65.5)	($65.8)	($65.8)	($67.0)	($67.8)	($58.5)	($41.3)	($30.8)
14	HB 2017 Total Gross Revenues - memo	$108.5	$224.5	$253.2	$323.4	$349.1	$381.9	$397.9	$415.7	$419.2	$421.9	$424.1	$425.9
15	Safe Routes to School set aside - memo	($5.0)	($10.0)	($10.0)	($10.0)	($10.0)	($12.5)	($15.0)	($15.0)	($15.0)	($15.0)	($15.0)	($15.0)
16	Rose Quarter project set aside - memo	$0.0	$0.0	$0.0	$0.0	($15.0)	($30.0)	($30.0)	($30.0)	($30.0)	($30.0)	($30.0)	($30.0)
17	DEBT SERVICE (HB 2017 Section 71d) - State Only - memo	$0.0	$0.0	$0.0	($5.4)	($34.4)	($35.8)	($35.8)	($35.9)	($35.9)	($35.9)	($35.9)	($35.9)
18	Oregon Travel Experience Transfer - State Only - memo	($3.3)	($8.0)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)
19	E-GOV Records Incremental Revenue Transfer - memo	($5.9)	($6.0)	($7.3)	($8.6)	($8.5)	($8.6)	($8.6)	($8.6)	($8.6)	($8.6)	($8.6)	($8.6)
20	NET OTIA I & II REVENUE FOR DISTRIBUTION	$3.2	$4.9	$6.6	$9.5	$14.7	$16.4	$15.9	$16.4	$16.8	$15.9	$11.3	$8.8
21	NET OTIA III REVENUE FOR DISTRIBUTION - LOCAL	$35.0	$37.1	$35.2	$39.2	$31.5	$29.7	$30.9	$31.3	$31.5	$34.5	$36.7	$45.6
22	NET OTIA III REVENUE FOR DISTRIBUTION -STATE	($17.7)	($18.3)	($24.1)	($25.2)	($28.2)	($26.3)	($25.5)	($23.9)	($22.7)	($35.0)	($48.9)	($64.3)
23	NET JTA REVENUE FOR DISTRIBUTION - LOCAL	$140.3	$141.4	$131.9	$138.1	$137.8	$139.2	$140.2	$141.0	$141.4	$141.6	$141.5	$141.4
24	NET JTA REVENUE FOR DISTRIBUTION ABOVE D/S -STATE	$27.2	$16.2	$4.8	$5.6	$5.2	$5.6	$6.1	$5.3	$4.6	$14.0	$31.2	$41.7
25	NET HB 2017 REVENUE FOR DISTRIBUTION - LOCAL	$51.7	$107.2	$121.6	$156.7	$162.1	$169.7	$176.4	$185.3	$187.1	$188.5	$189.6	$190.5
26	NET HB 2017 REVENUE FOR DISTRIBUTION -STATE	$51.7	$107.2	$121.6	$151.3	$127.7	$133.9	$140.6	$149.5	$151.2	$152.6	$153.6	$154.5
27	**TOTAL NET REVENUE FOR DISTRIBUTION**	**$915.5**	**$1,022.6**	**$960.8**	**$1,079.7**	**$1,065.7**	**$1,080.8**	**$1,093.7**	**$1,112.3**	**$1,108.4**	**$1,105.8**	**$1,096.7**	**$1,093.0**

Note: Row and column sums may vary slightly due to rounding.

		Actual	Forecast				
		BI 17-19	BI 19-21	BI 21-23	BI 23-25	BI 25-27	BI 27-29
1	TOTAL MCTD COLLECTIONS	$817.2	$875.4	$949.9	$1,027.1	$1,061.3	$1,081.0
2	TOTAL FSB COLLECTIONS	$1,205.9	$1,238.9	$1,325.6	$1,323.4	$1,314.7	$1,291.1
3	TOTAL DMV COLLECTIONS	$792.2	$870.8	$941.3	$970.8	$981.6	$988.5
4	**TOTAL GROSS HIGHWAY FUND**	**$2,815.3**	**$2,985.0**	**$3,216.8**	**$3,321.4**	**$3,357.6**	**$3,360.6**
5	COLLECTION, PROGRAMS, & TRANSFERS (incl.obligated OTIA & JTA)	($1,564.5)	($1,817.4)	($1,989.3)	($2,105.0)	($2,165.5)	($2,204.2)
6	**NET REVENUE TO HIGHWAY FUND**	**$1,250.8**	**$1,167.7**	**$1,227.5**	**$1,216.4**	**$1,192.1**	**$1,156.5**
7	OTIA I & II SET ASIDE - memo	$71.2	$71.2	$71.2	$71.2	$71.2	$71.2
8	DEBT SERVICE (OTIA I & II) - memo	($63.1)	($55.1)	($40.1)	($38.8)	($38.5)	($51.1)
9	OTIA III Dedicated Revenues - memo	$214.4	$205.7	$208.0	$212.9	$215.4	$217.1
10	DEBT SERVICE (OTIA III) - memo	($195.5)	($195.7)	($217.2)	($216.3)	($223.3)	($264.2)
11	JTA Total Gross Revenues - memo	$611.5	$588.1	$602.1	$610.4	$614.0	$613.7
12	JTA Allocation for Long-Range Planning - memo	($48.0)	($48.0)	($48.0)	($48.0)	($48.0)	($48.0)
13	DEBT SERVICE (JTA) - State Only - memo	($101.0)	($128.0)	($131.2)	($132.7)	($126.3)	($72.1)
14	HB 2017 Total Gross Revenues - memo	$332.9	$576.6	$731.0	$813.6	$841.1	$850.1
15	Safe Routes to School set aside - memo	($15.0)	($20.0)	($22.5)	($30.0)	($30.0)	($30.0)
16	Rose Quarter project set aside - memo	$0.0	$0.0	($45.0)	($60.0)	($60.0)	($60.0)
17	DEBT SERVICE (HB 2017 Section 71d) - State Only - memo	$0.0	($5.4)	($70.2)	($71.7)	($71.8)	($71.8)
18	Oregon Travel Experience Transfer - State Only - memo	($11.3)	($18.3)	($18.3)	($18.3)	($18.3)	($18.3)
19	E-GOV Records Incremental Revenue Transfer - memo	($11.9)	($15.9)	($17.1)	($17.2)	($17.2)	($17.3)
20	NET OTIA I & II REVENUE FOR DISTRIBUTION	$8.1	$16.1	$31.1	$32.4	$32.7	$20.1
21	NET OTIA III REVENUE FOR DISTRIBUTION - LOCAL	$72.1	$74.4	$61.3	$62.2	$66.1	$82.3
22	NET OTIA III REVENUE FOR DISTRIBUTION -STATE	($36.0)	($49.3)	($54.5)	($49.3)	($57.7)	($113.2)
23	NET JTA REVENUE FOR DISTRIBUTION - LOCAL	$281.8	$270.0	$277.0	$281.2	$283.0	$282.9
24	NET JTA REVENUE FOR DISTRIBUTION ABOVE D/S -STATE	$43.4	$10.4	$10.8	$11.4	$18.7	$72.9
25	NET HB 2017 REVENUE FOR DISTRIBUTION - LOCAL	$159.0	$278.3	$331.8	$361.8	$375.6	$380.0
26	NET HB 2017 REVENUE FOR DISTRIBUTION -STATE	$159.0	$272.9	$261.5	$290.1	$303.8	$308.2
27	**TOTAL NET REVENUE FOR DISTRIBUTION**	**$1,938.1**	**$2,040.5**	**$2,146.5**	**$2,206.0**	**$2,214.2**	**$2,189.7**

Table 8. Distribution of Total Net Revenues (Millions of Dollars) (Includes Guaranteed Fuels Tax Increases Only – Currently 6 Cents)

			Actual		Forecast										Actual	Forecast				
		Distribution Percentage	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	BI 17-19	BI 19-21	BI 21-23	BI 23-25	BI 25-27	BI 27-29
1	COUNTY APPORTIONMENT (ORS 366.739)	24.38%	$136.3	$138.0	$123.8	$133.2	$135.8	$135.0	$134.1	$133.5	$131.3	$130.1	$127.2	$125.6	$274.2	$257.0	$270.8	$267.6	$261.5	$252.8
2	SPECIAL COUNTY (ORS 366.772)		($2.8)	($5.5)	($5.5)	($5.5)	($5.5)	($5.5)	($5.5)	($5.5)	($5.5)	($5.5)	($5.5)	($5.5)	($8.3)	($11.0)	($11.0)	($11.0)	($11.0)	($11.0)
4	COUNTY APPORTIONMENT (OTIA I & II)	30.00%	$1.0	$1.5	$2.0	$2.8	$4.4	$4.9	$4.8	$4.9	$5.0	$4.8	$3.4	$2.6	$2.4	$4.8	$9.3	$9.7	$9.8	$6.0
5	COUNTY APPORTIONMENT (OTIA III)	25.48%	$27.3	$27.3	$25.4	$27.0	$26.3	$26.7	$27.0	$27.2	$27.4	$27.5	$27.6	$27.7	$54.6	$52.4	$53.0	$54.2	$54.9	$55.3
6	DEBT SERVICE (OTIA III)	84.07%	($15.9)	($14.4)	($11.5)	($12.1)	($17.1)	($19.1)	($18.7)	($18.7)	($18.7)	($16.3)	($14.6)	($7.3)	($30.4)	($23.6)	($36.2)	($37.4)	($35.1)	($22.0)
7	COUNTY APPORTIONMENT (OTIA III-Local)	60.00%	$5.0	$5.3	$4.0	$5.1	$4.8	$4.8	$4.9	$4.9	$4.9	$4.9	$4.9	$4.9	$10.3	$9.1	$9.6	$9.8	$9.8	$9.8
8	COUNTY APPORTIONMENT (JTA)	30.00%	$84.2	$84.9	$79.2	$82.9	$82.7	$83.5	$84.1	$84.6	$84.8	$85.0	$84.9	$84.8	$169.1	$162.0	$166.2	$168.7	$169.8	$169.7
9	COUNTY APPORTIONMENT (HB 2017)	30.00%	$31.0	$64.3	$73.0	$94.0	$97.2	$101.8	$105.9	$111.2	$112.3	$113.1	$113.7	$114.3	$95.4	$167.0	$199.1	$217.1	$225.3	$228.0
10	**NET COUNTY APPORTIONMENT**		**$266.1**	**$301.3**	**$290.3**	**$327.5**	**$328.7**	**$332.2**	**$336.5**	**$342.2**	**$341.5**	**$343.5**	**$341.6**	**$347.1**	**$567.4**	**$617.7**	**$660.8**	**$678.7**	**$685.0**	**$688.7**
11	CITY APPORTIONMENT (ORS 366.739)	15.57%	$87.0	$88.1	$79.1	$85.1	$86.7	$86.2	$85.6	$85.3	$83.9	$83.1	$81.3	$80.2	$175.1	$164.2	$172.9	$170.9	$167.0	$161.4
12	SPECIAL CITY (ORS 366.805)		($1.3)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($3.8)	($5.0)	($5.0)	($5.0)	($5.0)	($5.0)
13	CITY APPORTIONMENT (OTIA I & II)	20.00%	$0.6	$1.0	$1.3	$1.9	$2.9	$3.3	$3.2	$3.3	$3.4	$3.2	$2.3	$1.8	$1.6	$3.2	$6.2	$6.5	$6.5	$4.0
14	CITY APPORTIONMENT (OTIA III)	16.99%	$18.2	$18.2	$16.9	$18.0	$17.6	$17.8	$18.0	$18.2	$18.3	$18.3	$18.4	$18.5	$36.4	$34.9	$35.3	$36.2	$36.6	$36.9
15	DEBT SERVICE (OTIA III)	15.93%	($3.0)	($2.7)	($2.2)	($2.3)	($3.2)	($3.6)	($3.5)	($3.5)	($3.5)	($3.1)	($2.8)	($1.4)	($5.8)	($4.5)	($6.9)	($7.1)	($6.6)	($4.2)
16	CITY APPORTIONMENT (OTIA III-Local)	40.00%	$3.3	$3.5	$2.7	$3.4	$3.2	$3.2	$3.2	$3.3	$3.3	$3.3	$3.3	$3.3	$6.9	$6.0	$6.4	$6.5	$6.5	$6.5
17	CITY APPORTIONMENT (JTA)	20.00%	$56.1	$56.6	$52.8	$55.2	$55.1	$55.7	$56.1	$56.4	$56.6	$56.6	$56.6	$56.5	$112.7	$108.0	$110.8	$112.5	$113.2	$113.1
18	CITY APPORTIONMENT (HB 2017)	20.00%	$20.7	$42.9	$48.6	$62.7	$64.8	$67.9	$70.6	$74.1	$74.8	$75.4	$75.8	$76.2	$63.6	$111.3	$132.7	$144.7	$150.2	$152.0
19	**NET CITY APPORTIONMENT**		**$181.8**	**$205.0**	**$196.7**	**$221.5**	**$224.6**	**$227.9**	**$230.7**	**$234.5**	**$234.1**	**$234.3**	**$232.3**	**$232.5**	**$386.8**	**$418.2**	**$452.6**	**$465.1**	**$468.4**	**$464.8**
20	HIGHWAY DIVISION (including small City/County)	60.05%	$335.6	$339.8	$305.0	$328.1	$334.4	$332.6	$330.2	$328.9	$323.5	$320.5	$313.4	$309.3	$675.4	$633.1	$667.0	$659.1	$644.0	$622.6
21	SPECIAL COUNTY (ORS 366.772)		($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)
22	SPECIAL CITY (ORS 366.805)		($1.3)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($3.8)	($5.0)	($5.0)	($5.0)	($5.0)	($5.0)
23	HIGHWAY DIVISION: TOTAL (OTIA I & II)	50.00%	$1.6	$2.4	$3.3	$4.7	$7.4	$8.2	$8.0	$8.2	$8.4	$8.0	$5.6	$4.4	$4.1	$8.0	$15.6	$16.2	$16.3	$10.0
24	HIGHWAY DIVISION: TOTAL (OTIA III)	57.53%	$61.7	$61.6	$57.3	$61.1	$59.4	$60.3	$61.0	$61.5	$61.8	$62.1	$62.3	$62.5	$123.4	$118.3	$119.7	$122.5	$123.9	$124.9
25	DEBT SERVICE (OTIA III)	100.00%	($79.5)	($80.0)	($81.3)	($86.3)	($87.6)	($86.6)	($86.4)	($85.4)	($84.5)	($97.1)	($111.3)	($126.8)	($159.4)	($167.6)	($174.2)	($171.8)	($181.6)	($238.0)
26	STATE APPORTIONMENT (OTIA III)	0.00%	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1.0	$2.0	$0.0	$0.0	$0.0	$0.0	$0.0	$3.0
27	HIGHWAY DIVISION: NON-DEDICATED JTA REVENUES	48.75%	$68.4	$69.0	$64.3	$67.3	$67.2	$67.9	$68.3	$68.7	$68.9	$69.0	$69.0	$68.9	$137.4	$131.6	$135.1	$137.1	$138.0	$137.9
28	HIGHWAY DIVISION: DEDICATED JTA DEBT SERVICE	51.25%	$71.9	$72.5	$67.6	$70.8	$70.6	$71.3	$71.8	$72.3	$72.5	$72.6	$72.5	$72.5	$144.4	$138.4	$142.0	$144.1	$145.0	$145.0
29	DEBT SERVICE (JTA)		($44.7)	($56.3)	($62.8)	($65.2)	($65.5)	($65.8)	($65.8)	($67.0)	($67.8)	($58.5)	($41.3)	($30.8)	($101.0)	($128.0)	($131.2)	($132.7)	($126.3)	($72.1)
30	STATE APPORTIONMENT (HB 2017)	50.00%	$51.7	$107.2	$121.6	$156.7	$162.1	$169.7	$176.4	$185.3	$187.1	$188.5	$189.6	$190.5	$159.0	$278.3	$331.8	$361.8	$375.6	$380.0
31	DEBT SERVICE (HB 2017 Section 71d)		$0.0	$0.0	$0.0	($5.4)	($34.4)	($35.8)	($35.8)	($35.9)	($35.9)	($35.9)	($35.9)	($35.9)	$0.0	($5.4)	($70.2)	($71.7)	($71.8)	($71.8)
32	OREGON TRAVEL EXPERIENCE TRANSFER		($3.3)	($8.0)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($11.3)	($18.3)	($18.3)	($18.3)	($18.3)	($18.3)
33	**NET HIGHWAY DIVISION**		**$462.0**	**$505.5**	**$463.1**	**$519.9**	**$501.7**	**$509.9**	**$515.8**	**$524.9**	**$522.1**	**$517.2**	**$513.0**	**$504.7**	**$967.6**	**$983.1**	**$1,011.6**	**$1,040.7**	**$1,039.3**	**$1,017.7**
34	Memo: HIGHWAY MODERNIZATION PROGRAM (included in NET HIGHWAY DIVISION)		$80.7	$81.6	$76.7	$79.3	$80.6	$81.0	$80.9	$81.1	$80.9	$80.8	$80.3	$79.9	$162.4	$156.0	$161.6	$162.0	$161.8	$160.2
35	NET COUNTY APPORTIONMENT		$266.1	$301.3	$290.3	$327.5	$328.7	$332.2	$336.5	$342.2	$341.5	$343.5	$341.6	$347.1	$567.4	$617.7	$660.8	$678.7	$685.0	$688.7
36	NET CITY APPORTIONMENT		$181.8	$205.0	$196.7	$221.5	$224.6	$227.9	$230.7	$234.5	$234.1	$234.3	$232.3	$232.5	$386.8	$418.2	$452.6	$465.1	$468.4	$464.8
37	NET HIGHWAY DIVISION		$462.0	$505.5	$463.1	$519.9	$501.7	$509.9	$515.8	$524.9	$522.1	$517.2	$513.0	$504.7	$967.6	$983.1	$1,011.6	$1,040.7	$1,039.3	$1,017.7
38	**NET HIGHWAY FUNDS REVENUE**		**$910.0**	**$1,011.9**	**$950.1**	**$1,069.0**	**$1,055.0**	**$1,070.0**	**$1,083.0**	**$1,101.5**	**$1,097.6**	**$1,095.0**	**$1,086.9**	**$1,084.2**	**$1,921.8**	**$2,019.0**	**$2,125.0**	**$2,184.5**	**$2,192.7**	**$2,171.2**
39	SPECIAL COUNTY/CITY TRANSFERS TO ALLOTMENT FUND		$5.5	$10.8	$10.8	$10.8	$10.8	$10.8	$10.8	$10.8	$10.8	$10.8	$10.8	$10.7	$16.3	$21.5	$21.5	$21.5	$21.5	$21.5
40	**TOTAL NET REVENUES FOR DISTRIBUTION**		**$915.5**	**$1,022.6**	**$960.8**	**$1,079.7**	**$1,065.7**	**$1,080.8**	**$1,093.7**	**$1,112.3**	**$1,108.4**	**$1,105.8**	**$1,097.7**	**$1,095.0**	**$1,938.1**	**$2,040.5**	**$2,146.5**	**$2,206.0**	**$2,214.2**	**$2,192.7**

Note: Row and column sums may vary slightly due to rounding.

Appendix – Alternative Conditional Motor Fuel Forecast Tables

If we assume the conditions are met triggering the next two, two cent increases in the motor fuels tax rate in January's of 2022, and 2024, this will significantly increases motor fuels tax revenue in these years. Below are updated tables 6A, 7A and 8A where these conditional tax increases are included. In addition to generating revenue for the State Highway Fund and apportionable revenue to share with local governments, it also increases the revenue transferred for the non-highway fuel uses. This is shown in Table 6A rows 6 through 13.

Table 6A. Highway Fund Revenue Collected by FSB (Millions of Dollars) (Includes all Conditional Fuels Tax Increases – Currently an Additional 4 Cents)

		Actual		Forecast									
		FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
1	MOTOR FUELS TAXES	$580.7	$625.2	$592.3	$646.6	$679.9	$700.1	$716.2	$734.2	$731.6	$727.6	$720.1	$713.1
2	**TOTAL FSB COLLECTIONS**	**$580.7**	**$625.2**	**$592.3**	**$646.6**	**$679.9**	**$700.1**	**$716.2**	**$734.2**	**$731.6**	**$727.6**	**$720.1**	**$713.1**
3	Change from Previous Forecast	$0.0	$0.0	$3.7	($10.5)	($19.9)	($15.6)	($11.5)	($7.3)	($2.8)	($0.0)	$0.0	$0.0
4	COLLECTION/ADMINISTRATION COST	($1.9)	($1.9)	($2.0)	($2.1)	($2.2)	($2.2)	($2.3)	($2.4)	($2.5)	($2.6)	($2.7)	($2.7)
5	ODOT CENTRAL SERVICES ASSESSMENT	($0.4)	($0.4)	($0.3)	($0.4)	($0.4)	($0.4)	($0.4)	($0.4)	($0.4)	($0.4)	($0.5)	($0.5)
6	SNOWMOBILE TRANSFER	($0.7)	($0.7)	($0.7)	($0.8)	($0.8)	($0.8)	($0.8)	($0.9)	($0.9)	($0.9)	($0.8)	($0.8)
7	CLASS I ATV TRANSFER	($2.8)	($2.7)	($2.8)	($2.9)	($2.9)	($3.0)	($3.1)	($3.1)	($3.1)	($3.1)	($3.1)	($3.1)
8	MARINE BOARD TRANSFER	($4.1)	($4.5)	($4.6)	($4.7)	($4.9)	($5.0)	($5.1)	($5.2)	($5.2)	($5.2)	($5.2)	($5.2)
9	CLASS II ATV TRANSFER	($1.4)	($1.4)	($1.5)	($1.5)	($1.5)	($1.6)	($1.6)	($1.7)	($1.7)	($1.6)	($1.6)	($1.6)
10	CLASS III ATV TRANSFER	($1.3)	($1.4)	($1.4)	($1.5)	($1.5)	($1.5)	($1.6)	($1.6)	($1.6)	($1.6)	($1.6)	($1.6)
11	CLASS IV ATV TRANSFER	($0.9)	($1.0)	($1.1)	($1.1)	($1.1)	($1.2)	($1.2)	($1.2)	($1.2)	($1.2)	($1.2)	($1.2)
12	TRANSPORTATION OPERATING FUND (TOF)	($12.3)	($13.2)	($13.9)	($14.5)	($15.2)	($15.8)	($16.5)	($17.1)	($17.4)	($17.7)	($17.9)	($18.2)
13	AVIATION TRANSFER	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)
14	HB 2435 (2013 Session) B20 FUEL TAX EXEMPTION -memo	($5.3)	($5.6)	($2.9)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
15	**NET FSB REVENUE**	**$554.9**	**$597.9**	**$563.8**	**$617.1**	**$649.3**	**$668.6**	**$683.5**	**$700.4**	**$697.5**	**$693.2**	**$685.3**	**$678.0**
16	REVENUE ALLOCATION TO OTIA I & II SET-ASIDE - memo	($19.2)	($19.1)	($18.6)	($19.0)	($19.2)	($19.2)	($19.1)	($19.0)	($18.9)	($18.8)	($18.7)	($18.6)
17	REVENUE PLEDGED TO OTIA III - memo	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
18	REVENUE DUE TO JTA - memo	($110.3)	($111.0)	($102.5)	($107.8)	($110.4)	($110.6)	($110.3)	($110.2)	($109.8)	($109.2)	($108.1)	($107.0)
19	REVENUE DUE TO HB 2017 - memo	($35.4)	($74.0)	($83.3)	($107.8)	($128.3)	($147.5)	($164.9)	($183.6)	($183.0)	($182.0)	($180.2)	($178.4)

	Actual	Forecast				
	BI 17-19	BI 19-21	BI 21-23	BI 23-25	BI 25-27	BI 27-29
1	$1,205.9	$1,238.9	$1,380.0	$1,450.4	$1,459.2	$1,433.1
2	**$1,205.9**	**$1,238.9**	**$1,380.0**	**$1,450.4**	**$1,459.2**	**$1,433.1**
3	$0.0	($6.8)	($35.5)	($18.7)	($2.8)	NA
4	($3.8)	($4.1)	($4.4)	($4.7)	($5.1)	($5.4)
5	($0.8)	($0.7)	($0.8)	($0.8)	($0.9)	($0.9)
6	($1.5)	($1.5)	($1.6)	($1.7)	($1.7)	($1.7)
7	($5.5)	($5.7)	($6.0)	($6.2)	($6.2)	($6.2)
8	($8.6)	($9.3)	($9.8)	($10.3)	($10.5)	($10.5)
9	($2.8)	($3.0)	($3.1)	($3.3)	($3.3)	($3.3)
10	($2.7)	($2.9)	($3.0)	($3.2)	($3.2)	($3.2)
11	($1.9)	($2.2)	($2.3)	($2.4)	($2.4)	($2.4)
12	($25.5)	($28.5)	($31.0)	($33.6)	($35.1)	($36.1)
13	($0.1)	($0.1)	($0.1)	($0.2)	($0.2)	($0.2)
14	($10.9)	($2.9)	$0.0	$0.0	$0.0	$0.0
15	**$1,152.8**	**$1,180.9**	**$1,317.9**	**$1,384.0**	**$1,390.7**	**$1,363.2**
16	($38.2)	($37.6)	($38.4)	($38.0)	($37.7)	($37.2)
17	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
18	($221.2)	($210.4)	($221.0)	($220.5)	($219.0)	($215.1)
19	($109.4)	($191.1)	($275.7)	($348.5)	($365.0)	($358.6)

Table 7A. Highway Fund Revenue by Fiscal Year and Biennium (Millions of Dollars) (Includes all Conditional Fuels Tax Increases – Currently an Additional 4 Cents)

		Actual		Forecast									
		FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
1	TOTAL MCTD COLLECTIONS	$383.7	$433.5	$442.6	$432.8	$461.3	$488.6	$504.1	$523.0	$528.3	$532.9	$538.2	$542.8
2	TOTAL FSB COLLECTIONS	$580.7	$625.2	$592.3	$646.6	$679.9	$700.1	$716.2	$734.2	$731.6	$727.6	$720.1	$713.1
3	TOTAL DMV COLLECTIONS	$377.7	$414.4	$391.7	$479.1	$466.0	$475.3	$483.2	$487.6	$489.6	$492.0	$493.8	$494.7
4	**TOTAL GROSS HIGHWAY FUND**	**$1,342.2**	**$1,473.1**	**$1,426.6**	**$1,558.5**	**$1,607.2**	**$1,664.0**	**$1,703.6**	**$1,744.8**	**$1,749.6**	**$1,752.5**	**$1,752.0**	**$1,750.6**
5	COLLECTION, PROGRAMS, & TRANSFERS (incl.obligated OTIA & JTA)	($718.2)	($846.3)	($863.5)	($954.7)	($993.9)	($1,054.0)	($1,097.9)	($1,141.9)	($1,155.6)	($1,163.5)	($1,174.93)	($1,180.43)
6	**NET REVENUE TO HIGHWAY FUND**	**$624.0**	**$626.9**	**$563.1**	**$603.8**	**$613.3**	**$610.0**	**$605.6**	**$602.8**	**$594.0**	**$589.0**	**$577.1**	**$570.2**
7	OTIA I & II SET ASIDE - memo	$35.6	$35.6	$35.6	$35.6	$35.6	$35.6	$35.6	$35.6	$35.6	$35.6	$35.6	$35.6
8	DEBT SERVICE (OTIA I & II) - memo	($32.4)	($30.7)	($29.0)	($26.1)	($20.9)	($19.2)	($19.7)	($19.2)	($18.8)	($19.7)	($24.3)	($26.8)
9	OTIA III Dedicated Revenues - memo	$107.3	$107.1	$99.5	$106.1	$103.3	$104.7	$106.0	$106.9	$107.5	$108.0	$108.4	$108.7
10	DEBT SERVICE (OTIA III) - memo	($98.4)	($97.1)	($95.0)	($100.7)	($107.9)	($109.3)	($108.7)	($107.6)	($106.8)	($116.5)	($128.7)	($135.5)
11	JTA Total Gross Revenues - memo	$304.6	$306.9	$287.9	$300.2	$299.7	$302.4	$304.3	$305.9	$306.7	$307.1	$306.9	$306.6
12	JTA Allocation for Long-Range Planning - memo	($24.0)	($24.0)	($24.0)	($24.0)	($24.0)	($24.0)	($24.0)	($24.0)	($24.0)	($24.0)	($24.0)	($24.0)
13	DEBT SERVICE (JTA) - State Only - memo	($44.7)	($56.3)	($62.8)	($65.2)	($65.5)	($65.8)	($65.8)	($67.0)	($67.8)	($58.5)	($41.3)	($30.8)
14	HB 2017 Total Gross Revenues - memo	$108.5	$224.5	$253.2	$323.4	$367.0	$418.7	$452.4	$489.0	$492.3	$494.6	$496.1	$497.2
15	Safe Routes to School set aside - memo	($5.0)	($10.0)	($10.0)	($10.0)	($10.0)	($12.5)	($15.0)	($15.0)	($15.0)	($15.0)	($15.0)	($15.0)
16	Rose Quarter project set aside - memo	$0.0	$0.0	$0.0	$0.0	($15.0)	($30.0)	($30.0)	($30.0)	($30.0)	($30.0)	($30.0)	($30.0)
17	DEBT SERVICE (HB 2017 Section 71d) - State Only - memo	$0.0	$0.0	$0.0	($5.4)	($34.4)	($35.8)	($35.8)	($35.9)	($35.9)	($35.9)	($35.9)	($35.9)
18	Oregon Travel Experience Transfer - State Only - memo	($3.3)	($8.0)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)
19	E-GOV Records Incremental Revenue Transfer - memo	($5.9)	($6.0)	($7.3)	($8.6)	($8.5)	($8.6)	($8.6)	($8.6)	($8.6)	($8.6)	($8.6)	($8.6)
20	NET OTIA I & II REVENUE FOR DISTRIBUTION	$3.2	$4.9	$6.6	$9.5	$14.7	$16.4	$15.9	$16.4	$16.8	$15.9	$11.3	$8.8
21	NET OTIA III REVENUE FOR DISTRIBUTION - LOCAL	$35.0	$37.1	$35.2	$39.2	$31.5	$29.7	$30.9	$31.3	$31.5	$34.5	$36.7	$45.6
22	NET OTIA III REVENUE FOR DISTRIBUTION -STATE	($17.7)	($18.3)	($24.1)	($25.2)	($28.2)	($26.3)	($25.5)	($23.9)	($22.7)	($35.0)	($48.9)	($64.3)
23	NET JTA REVENUE FOR DISTRIBUTION - LOCAL	$140.3	$141.4	$131.9	$138.1	$137.8	$139.2	$140.1	$141.0	$141.3	$141.5	$141.4	$141.3
24	NET JTA REVENUE FOR DISTRIBUTION ABOVE D/S -STATE	$27.2	$16.2	$4.8	$5.6	$5.2	$5.6	$6.0	$5.3	$4.6	$14.0	$31.2	$41.7
25	NET HB 2017 REVENUE FOR DISTRIBUTION - LOCAL	$51.7	$107.2	$121.6	$156.7	$171.0	$188.1	$203.7	$222.0	$223.6	$224.8	$225.5	$226.1
26	NET HB 2017 REVENUE FOR DISTRIBUTION -STATE	$51.7	$107.2	$121.6	$151.3	$136.6	$152.3	$167.9	$186.2	$187.8	$188.9	$189.6	$190.2
27	**TOTAL NET REVENUE FOR DISTRIBUTION**	**$915.5**	**$1,022.6**	**$960.8**	**$1,078.9**	**$1,082.0**	**$1,115.0**	**$1,144.7**	**$1,181.1**	**$1,176.8**	**$1,173.8**	**$1,164.0**	**$1,159.6**

Note: Row and column sums may vary slightly due to rounding.

		Actual	Forecast				
		BI 17-19	BI 19-21	BI 21-23	BI 23-25	BI 25-27	BI 27-29
1	TOTAL MCTD COLLECTIONS	$817.2	$875.4	$949.9	$1,027.1	$1,061.3	$1,081.0
2	TOTAL FSB COLLECTIONS	$1,205.9	$1,238.9	$1,380.0	$1,450.4	$1,459.2	$1,433.1
3	TOTAL DMV COLLECTIONS	$792.2	$870.8	$941.3	$970.8	$981.6	$988.5
4	**TOTAL GROSS HIGHWAY FUND**	**$2,815.3**	**$2,985.0**	**$3,271.2**	**$3,448.3**	**$3,502.1**	**$3,502.7**
5	COLLECTION, PROGRAMS, & TRANSFERS (incl.obligated OTIA & JTA)	($1,564.5)	($1,818.2)	($2,047.9)	($2,239.9)	($2,319.2)	($2,355.4)
6	**NET REVENUE TO HIGHWAY FUND**	**$1,250.8**	**$1,166.9**	**$1,223.3**	**$1,208.5**	**$1,183.0**	**$1,147.3**
7	OTIA I & II SET ASIDE - memo	$71.2	$71.2	$71.2	$71.2	$71.2	$71.2
8	DEBT SERVICE (OTIA I & II) - memo	($63.1)	($55.1)	($40.1)	($38.8)	($38.5)	($51.1)
9	OTIA III Dedicated Revenues - memo	$214.4	$205.7	$208.0	$212.9	$215.4	$217.1
10	DEBT SERVICE (OTIA III) - memo	($195.5)	($195.7)	($217.2)	($216.3)	($223.3)	($264.2)
11	JTA Total Gross Revenues - memo	$611.5	$588.1	$602.0	$610.2	$613.7	$613.5
12	JTA Allocation for Long-Range Planning - memo	($48.0)	($48.0)	($48.0)	($48.0)	($48.0)	($48.0)
13	DEBT SERVICE (JTA) - State Only - memo	($101.0)	($128.0)	($131.2)	($132.7)	($126.3)	($72.1)
14	HB 2017 Total Gross Revenues - memo	$332.9	$576.6	$785.7	$941.5	$986.9	$993.3
15	Safe Routes to School set aside - memo	($15.0)	($20.0)	($22.5)	($30.0)	($30.0)	($30.0)
16	Rose Quarter project set aside - memo	$0.0	$0.0	($45.0)	($60.0)	($60.0)	($60.0)
17	DEBT SERVICE (HB 2017 Section 71d) - State Only - memo	$0.0	($5.4)	($70.2)	($71.7)	($71.8)	($71.8)
18	Oregon Travel Experience Transfer - State Only - memo	($11.3)	($18.3)	($18.3)	($18.3)	($18.3)	($18.3)
19	E-GOV Records Incremental Revenue Transfer - memo	($11.9)	($15.9)	($17.1)	($17.2)	($17.2)	($17.3)
20	NET OTIA I & II REVENUE FOR DISTRIBUTION	$8.1	$16.1	$31.1	$32.4	$32.7	$20.1
21	NET OTIA III REVENUE FOR DISTRIBUTION - LOCAL	$72.1	$74.4	$61.3	$62.2	$66.1	$82.3
22	NET OTIA III REVENUE FOR DISTRIBUTION -STATE	($36.0)	($49.3)	($54.5)	($49.3)	($57.7)	($113.2)
23	NET JTA REVENUE FOR DISTRIBUTION - LOCAL	$281.8	$270.0	$277.0	$281.1	$282.9	$282.8
24	NET JTA REVENUE FOR DISTRIBUTION ABOVE D/S -STATE	$43.4	$10.4	$10.7	$11.3	$18.6	$72.8
25	NET HB 2017 REVENUE FOR DISTRIBUTION - LOCAL	$159.0	$278.3	$359.1	$425.7	$448.5	$451.6
26	NET HB 2017 REVENUE FOR DISTRIBUTION -STATE	$159.0	$272.9	$288.9	$354.0	$376.7	$379.8
27	**TOTAL NET REVENUE FOR DISTRIBUTION**	**$1,938.1**	**$2,039.7**	**$2,197.0**	**$2,325.8**	**$2,350.7**	**$2,323.6**

Table 8A. Distribution of Total Net Revenues (Millions of Dollars) (Includes all Conditional Fuels Tax Increases – Currently an Additional 4 Cents)

			Actual		Forecast									
		Distribution Percentage	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
1	COUNTY APPORTIONMENT (ORS 366.739)	24.38%	$136.3	$138.0	$123.8	$133.0	$135.4	$134.4	$133.2	$132.4	$130.2	$129.0	$126.1	$124.5
2	SPECIAL COUNTY (ORS 366.772)		($2.8)	($5.5)	($5.5)	($5.5)	($5.5)	($5.5)	($5.5)	($5.5)	($5.5)	($5.5)	($5.5)	($5.5)
4	COUNTY APPORTIONMENT (OTIA I & II)	30.00%	$1.0	$1.5	$2.0	$2.8	$4.4	$4.9	$4.8	$4.9	$5.0	$4.8	$3.4	$2.6
5	COUNTY APPORTIONMENT (OTIA III)	25.48%	$27.3	$27.3	$25.4	$27.0	$26.3	$26.7	$27.0	$27.2	$27.4	$27.5	$27.6	$27.7
6	DEBT SERVICE (OTIA III)	84.07%	($15.9)	($14.4)	($11.5)	($12.1)	($17.1)	($19.1)	($18.7)	($18.7)	($18.7)	($16.3)	($14.6)	($7.3)
7	COUNTY APPORTIONMENT (OTIA III-Local)	60.00%	$5.0	$5.3	$4.0	$5.1	$4.8	$4.8	$4.9	$4.9	$4.9	$4.9	$4.9	$4.9
8	COUNTY APPORTIONMENT (JTA)	30.00%	$84.2	$84.9	$79.2	$82.9	$82.7	$83.5	$84.1	$84.6	$84.8	$84.9	$84.9	$84.8
9	COUNTY APPORTIONMENT (HB 2017)	30.00%	$31.0	$64.3	$73.0	$94.0	$102.6	$112.9	$122.2	$133.2	$134.2	$134.9	$135.3	$135.7
10	**NET COUNTY APPORTIONMENT**		**$266.1**	**$301.3**	**$290.3**	**$327.3**	**$333.6**	**$342.6**	**$352.0**	**$363.1**	**$362.3**	**$364.2**	**$362.0**	**$367.3**
11	CITY APPORTIONMENT (ORS 366.739)	15.57%	$87.0	$88.1	$79.1	$84.9	$86.5	$85.8	$85.1	$84.6	$83.2	$82.4	$80.5	$79.5
12	SPECIAL CITY (ORS 366.805)		($1.3)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)
13	CITY APPORTIONMENT (OTIA I & II)	20.00%	$0.6	$1.0	$1.3	$1.9	$2.9	$3.3	$3.2	$3.3	$3.4	$3.2	$2.3	$1.8
14	CITY APPORTIONMENT (OTIA III)	16.99%	$18.2	$18.2	$16.9	$18.0	$17.6	$17.8	$18.0	$18.2	$18.3	$18.3	$18.4	$18.5
15	DEBT SERVICE (OTIA III)	15.93%	($3.0)	($2.7)	($2.2)	($2.3)	($3.2)	($3.6)	($3.5)	($3.5)	($3.5)	($3.1)	($2.8)	($1.4)
16	CITY APPORTIONMENT (OTIA III-Local)	40.00%	$3.3	$3.5	$2.7	$3.4	$3.2	$3.2	$3.2	$3.3	$3.3	$3.3	$3.3	$3.3
17	CITY APPORTIONMENT (JTA)	20.00%	$56.1	$56.6	$52.8	$55.2	$55.1	$55.7	$56.1	$56.4	$56.5	$56.6	$56.6	$56.5
18	CITY APPORTIONMENT (HB 2017)	20.00%	$20.7	$42.9	$48.6	$62.7	$68.4	$75.2	$81.5	$88.8	$89.5	$89.9	$90.2	$90.4
19	**NET CITY APPORTIONMENT**		**$181.8**	**$205.0**	**$196.7**	**$221.4**	**$227.9**	**$234.9**	**$241.0**	**$248.4**	**$248.0**	**$248.1**	**$246.0**	**$246.0**
20	HIGHWAY DIVISION (including small City/County)	60.05%	$335.6	$339.8	$305.0	$327.6	$333.4	$331.1	$328.2	$326.2	$320.8	$317.8	$310.6	$306.5
21	SPECIAL COUNTY (ORS 366.772)		($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)
22	SPECIAL CITY (ORS 366.805)		($1.3)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)
23	HIGHWAY DIVISION: TOTAL (OTIA I & II)	50.00%	$1.6	$2.4	$3.3	$4.7	$7.4	$8.2	$8.0	$8.2	$8.4	$8.0	$5.6	$4.4
24	HIGHWAY DIVISION: TOTAL (OTIA III)	57.53%	$61.7	$61.6	$57.3	$61.1	$59.4	$60.3	$61.0	$61.5	$61.8	$62.1	$62.3	$62.5
25	DEBT SERVICE (OTIA III)	100.00%	($79.5)	($80.0)	($81.3)	($86.3)	($87.6)	($86.6)	($86.4)	($85.4)	($84.5)	($97.1)	($111.3)	($126.8)
26	STATE APPORTIONMENT (OTIA III)	0.00%	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1.0	$2.0
27	HIGHWAY DIVISION: NON-DEDICATED JTA REVENUES	48.75%	$68.4	$69.0	$64.3	$67.3	$67.2	$67.9	$68.3	$68.7	$68.9	$69.0	$69.0	$68.9
28	HIGHWAY DIVISION: DEDICATED JTA DEBT SERVICE	51.25%	$71.9	$72.5	$67.6	$70.8	$70.6	$71.3	$71.8	$72.2	$72.4	$72.5	$72.5	$72.4
29	DEBT SERVICE (JTA)		($44.7)	($56.3)	($62.8)	($65.2)	($65.5)	($65.8)	($65.8)	($67.0)	($67.8)	($58.5)	($41.3)	($30.8)
30	STATE APPORTIONMENT (HB 2017)	50.00%	$51.7	$107.2	$121.6	$156.7	$171.0	$188.1	$203.7	$222.0	$223.6	$224.8	$225.5	$226.1
31	DEBT SERVICE (HB 2017 Section 71d)		$0.0	$0.0	$0.0	($5.4)	($34.4)	($35.8)	($35.8)	($35.9)	($35.9)	($35.9)	($35.9)	($35.9)
32	OREGON TRAVEL EXPERIENCE TRANSFER		($3.3)	($8.0)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)	($9.2)
33	**NET HIGHWAY DIVISION**		**$462.0**	**$505.5**	**$463.1**	**$519.5**	**$509.7**	**$526.8**	**$541.0**	**$558.8**	**$555.8**	**$550.8**	**$546.2**	**$537.5**
34	Memo: HIGHWAY MODERNIZATION PROGRAM (included in NET HIGHWAY DIVISION)		$80.7	$81.6	$76.7	$79.2	$80.4	$80.8	$80.6	$80.6	$80.5	$80.4	$79.8	$79.5
35	NET COUNTY APPORTIONMENT		$266.1	$301.3	$290.3	$327.3	$333.6	$342.6	$352.0	$363.1	$362.3	$364.2	$362.0	$367.3
36	NET CITY APPORTIONMENT		$181.8	$205.0	$196.7	$221.4	$227.9	$234.9	$241.0	$248.4	$248.0	$248.1	$246.0	$246.0
37	NET HIGHWAY DIVISION		$462.0	$505.5	$463.1	$519.5	$509.7	$526.8	$541.0	$558.8	$555.8	$550.8	$546.2	$537.5
38	**NET HIGHWAY FUNDS REVENUE**		**$910.0**	**$1,011.9**	**$950.1**	**$1,068.1**	**$1,071.2**	**$1,104.2**	**$1,134.0**	**$1,170.4**	**$1,166.1**	**$1,163.1**	**$1,154.2**	**$1,150.8**
39	SPECIAL COUNTY/CITY TRANSFERS TO ALLOTMENT FUND		$5.5	$10.8	$10.8	$10.8	$10.8	$10.8	$10.8	$10.8	$10.8	$10.8	$10.8	$10.7
40	**TOTAL NET REVENUES FOR DISTRIBUTION**		**$915.5**	**$1,022.6**	**$960.8**	**$1,078.9**	**$1,082.0**	**$1,115.0**	**$1,144.7**	**$1,181.1**	**$1,176.8**	**$1,173.8**	**$1,165.0**	**$1,161.6**

Note: Row and column sums may vary slightly due to rounding.

		Actual	Forecast				
		BI 17-19	BI 19-21	BI 21-23	BI 23-25	BI 25-27	BI 27-29
1	COUNTY APPORTIONMENT (ORS 366.739)	$274.2	$256.9	$269.8	$265.7	$259.3	$250.6
2	SPECIAL COUNTY (ORS 366.772)	($8.3)	($11.0)	($11.0)	($11.0)	($11.0)	($11.0)
4	COUNTY APPORTIONMENT (OTIA I & II)	$2.4	$4.8	$9.3	$9.7	$9.8	$6.0
5	COUNTY APPORTIONMENT (OTIA III)	$54.6	$52.4	$53.0	$54.2	$54.9	$55.3
6	DEBT SERVICE (OTIA III)	($30.4)	($23.6)	($36.2)	($37.4)	($35.1)	($22.0)
7	COUNTY APPORTIONMENT (OTIA III-Local)	$10.3	$9.1	$9.6	$9.8	$9.8	$9.8
8	COUNTY APPORTIONMENT (JTA)	$169.1	$162.0	$166.2	$168.7	$169.7	$169.7
9	COUNTY APPORTIONMENT (HB 2017)	$95.4	$167.0	$215.5	$255.4	$269.1	$271.0
10	**NET COUNTY APPORTIONMENT**	**$567.4**	**$617.5**	**$676.2**	**$715.1**	**$726.4**	**$729.3**
11	CITY APPORTIONMENT (ORS 366.739)	$175.1	$164.0	$172.3	$169.7	$165.6	$160.0
12	SPECIAL CITY (ORS 366.805)	($3.8)	($5.0)	($5.0)	($5.0)	($5.0)	($5.0)
13	CITY APPORTIONMENT (OTIA I & II)	$1.6	$3.2	$6.2	$6.5	$6.5	$4.0
14	CITY APPORTIONMENT (OTIA III)	$36.4	$34.9	$35.3	$36.2	$36.6	$36.9
15	DEBT SERVICE (OTIA III)	($5.8)	($4.5)	($6.9)	($7.1)	($6.6)	($4.2)
16	CITY APPORTIONMENT (OTIA III-Local)	$6.9	$6.0	$6.4	$6.5	$6.5	$6.5
17	CITY APPORTIONMENT (JTA)	$112.7	$108.0	$110.8	$112.4	$113.1	$113.1
18	CITY APPORTIONMENT (HB 2017)	$63.6	$111.3	$143.6	$170.3	$179.4	$180.7
19	**NET CITY APPORTIONMENT**	**$386.8**	**$418.1**	**$462.8**	**$489.5**	**$496.1**	**$492.0**
20	HIGHWAY DIVISION (including small City/County)	$675.4	$632.6	$664.5	$654.4	$638.6	$617.2
21	SPECIAL COUNTY (ORS 366.772)	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)
22	SPECIAL CITY (ORS 366.805)	($3.8)	($5.0)	($5.0)	($5.0)	($5.0)	($5.0)
23	HIGHWAY DIVISION: TOTAL (OTIA I & II)	$4.1	$8.0	$15.6	$16.2	$16.3	$10.0
24	HIGHWAY DIVISION: TOTAL (OTIA III)	$123.4	$118.3	$119.7	$122.5	$123.9	$124.9
25	DEBT SERVICE (OTIA III)	($159.4)	($167.6)	($174.2)	($171.8)	($181.6)	($238.0)
26	STATE APPORTIONMENT (OTIA III)	$0.0	$0.0	$0.0	$0.0	$0.0	$3.0
27	HIGHWAY DIVISION: NON-DEDICATED JTA REVENUES	$137.4	$131.6	$135.0	$137.0	$137.9	$137.8
28	HIGHWAY DIVISION: DEDICATED JTA DEBT SERVICE	$144.4	$138.4	$142.0	$144.1	$145.0	$144.9
29	DEBT SERVICE (JTA)	($101.0)	($128.0)	($131.2)	($132.7)	($126.3)	($72.1)
30	STATE APPORTIONMENT (HB 2017)	$159.0	$278.3	$359.1	$425.7	$448.5	$451.6
31	DEBT SERVICE (HB 2017 Section 71d)	$0.0	($5.4)	($70.2)	($71.7)	($71.8)	($71.8)
32	OREGON TRAVEL EXPERIENCE TRANSFER	($11.3)	($18.3)	($18.3)	($18.3)	($18.3)	($18.3)
33	**NET HIGHWAY DIVISION**	**$967.6**	**$982.6**	**$1,036.4**	**$1,099.8**	**$1,106.6**	**$1,083.7**
34	Memo: HIGHWAY MODERNIZATION PROGRAM (included in NET HIGHWAY DIVISION)	$162.4	$155.9	$161.2	$161.2	$160.9	$159.3
35	NET COUNTY APPORTIONMENT	$567.4	$617.5	$676.2	$715.1	$726.4	$729.3
36	NET CITY APPORTIONMENT	$386.8	$418.1	$462.8	$489.5	$496.1	$492.0
37	NET HIGHWAY DIVISION	$967.6	$982.6	$1,036.4	$1,099.8	$1,106.6	$1,083.7
38	**NET HIGHWAY FUNDS REVENUE**	**$1,921.8**	**$2,018.2**	**$2,175.5**	**$2,304.3**	**$2,329.2**	**$2,305.1**
39	SPECIAL COUNTY/CITY TRANSFERS TO ALLOTMENT FUND	$16.3	$21.5	$21.5	$21.5	$21.5	$21.5
40	**TOTAL NET REVENUES FOR DISTRIBUTION**	**$1,938.1**	**$2,039.7**	**$2,197.0**	**$2,325.8**	**$2,350.7**	**$2,326.6**

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION

The following is a summary of certain provisions of the Bond Declaration and the Nineteenth Supplemental Declaration, including amendments made to the Bond Declaration pursuant to the Sixteenth Supplemental Declaration and the Seventeenth Supplemental Declaration, which are not described elsewhere in this Official Statement. These summaries do not purport to be comprehensive and reference should be made to each of said documents for a full and complete statement of their provisions.

DEFINITIONS

The following is a summary of certain terms used in this Appendix D. All capitalized terms used but not defined in this Appendix D or elsewhere in the Official Statement have the meanings set forth in the Bond Declaration or the Nineteenth Supplemental Declaration.

"2020 Bonds" means the 2020A Bonds and the 2020B Bonds.

"2020A Bonds" means the State of Oregon Department of Transportation Highway User Tax Revenue Subordinate Lien Bonds, Series 2020A (Tax-Exempt)

"**2020B Bonds**" means the State of Oregon Department of Transportation Highway User Tax Revenue Senior Lien Refunding Bonds, Series 2020B (Federally Taxable).

"**Accreted Value**" means, as of the date of computation with respect to any Capital Appreciation Obligations, an amount equal to:

(a) the original principal amount of such Capital Appreciation Obligations (the issue price at the date of issuance), plus

(b) the interest accrued on such Capital Appreciation Obligations from the date of original issuance of such Capital Appreciation Obligations to the Interest Payment Date next preceding the date of computation or the date of computation if an Interest Payment Date, such interest to accrue at an approximate rate per annum of the Capital Appreciation Obligations, set forth in the Supplemental Declaration providing for the issuance of such Capital Appreciation Obligations, compounded at such intervals as specified in such Supplemental Declaration, plus

(c) with respect to matters related to the payment upon redemption of such Capital Appreciation Obligations, if such date of computation will not be an Interest Payment Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of the original issuance) and the Accreted Value as of the immediately succeeding Interest Payment Date, calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

A table of Accreted Values for each Interest Payment Date for each Series of Senior Lien Bonds issued as Capital Appreciation Obligations or for each Series of Subordinate Lien Obligations issued as Capital Appreciation Obligations is requested to be incorporated in a Supplemental Declaration, relating to such Capital Appreciation Obligations.

"**Accrued Aggregate Debt Service**" means, with respect to Outstanding Senior Lien Bonds of each Series, as of any date of calculation, an amount equal to the sum of (i) interest on the Outstanding Current Interest Bonds of such Series accrued and unpaid, plus interest on the Outstanding Current Interest Bonds due to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installments for such Series of Outstanding Senior Lien Bonds next due which would have accrued (if deemed to accrue daily in equal amounts from the next preceding Interest Payment Date on which the Principal Installment is payable or, if there is no such preceding Interest Payment Date, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Senior Lien Bonds of such Series, whichever date is later) to the end of such calendar month.

"**Accrued Aggregate Subordinate Debt Service**" means with respect to Outstanding Subordinate Lien Obligations of each Series, as of any date of calculation, an amount equal to the sum of (i) interest on the Outstanding Current Interest Subordinate Lien Obligations of such Series accrued and unpaid, plus interest on the Outstanding Current Interest Subordinate Lien Obligations due to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installments for such Series of Outstanding Subordinate Lien Obligations next due which would have accrued (if deemed to accrue daily in equal amounts from the next preceding Interest Payment Date on which the Principal Installment is payable or, if there is no such preceding Interest Payment Date, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Subordinate Lien Obligations of such Series, whichever date is later) to the end of such calendar month.

"**Act**" means Article IX, Section 3a of the Oregon Constitution and Statutes of the State, including ORS 367.605 to 367.665, ORS Chapter 286A, Chapter 3, Oregon Laws 2002 (First Special Session), Chapter 618, Oregon Laws 2003 and Chapter 865, Oregon Laws 2009 ("JTA"), as amended by Chapter 30, Oregon Laws 2010, Chapter 11, Oregon Laws 2013, Chapter 344, Oregon Laws 2015 and Chapter 38, Oregon Laws 2016, and Chapter 750, Oregon Laws 2017, as amended by Chapter 93, Oregon Laws 2018 and by Chapter 491, Oregon Laws 2019.

"**Additional Pledged Revenues**" means revenues derived by the Department from increases in any of the component parts of the Pledged Revenues as listed in subsections (a) through (g) under the heading "Security" in this Appendix D, that are approved by the Legislative Assembly or approved by Oregon voters by a statewide initiative or referendum, as applicable, and that are available to pay and secure the Senior Lien Bonds and any Additional Senior Lien Bonds and any Subordinate Lien Obligations and any Additional Subordinate Lien Obligations pursuant to a Supplemental Declaration.

"**Additional Senior Lien Bonds**" means Senior Lien Bonds issued pursuant to the provisions of the Master Declaration described under the headings "Issuance of Additional Senior Lien Bonds" or "Refunding Obligations" below and any Supplemental Declaration, which Additional Senior Lien Bonds are to be secured on an equal and ratable (*pari passu*) basis with the Existing Senior Lien Bonds and other Senior Lien Bonds then Outstanding with respect to the lien on the Trust Estate.

"**Additional Subordinate Lien Obligations**" means Subordinate Lien Obligations of any Series issued pursuant to the provisions of the Master Declaration described under the headings "Issuance of Additional Subordinate Lien Bonds" or "Indebtedness Limitations and Defeasance" below and any Supplemental Declaration, that are issued after the first Series of Subordinate Lien Obligations, which Additional Subordinate Lien Obligations are to be secured on an equal and ratable (*pari passu*) basis with other Subordinate Lien Obligations then Outstanding with respect to the lien on the Subordinate Security.

"**Alternate Credit Facility**" means any Credit Facility substituted for a Credit Facility.

"**Alternate Liquidity Facility**" means any Liquidity Facility substituted for a Liquidity Facility.

"**Annual Debt Service**" means the amount required to be paid in a Fiscal Year of principal or Accreted Value of and interest on any Outstanding Senior Lien Bonds, calculated as follows:

(a) with respect to any Outstanding Senior Lien Bonds, an amount equal to the sum of (i) interest payable during such Fiscal Year on such Current Interest Bonds, including any interest due under a Parity Reimbursement Obligation, if any, pursuant to the Master Declaration, except to the extent that such interest is to be paid from amounts representing Capitalized Interest and (ii) the Principal Installments of such Current Interest Bonds payable during such Fiscal Year, including principal, if any, due on Parity Reimbursement Obligations pursuant to the Master Declaration. Such interest and Principal Installments are to be calculated on the assumption that no such Senior Lien Bonds, or Parity Reimbursement Obligations Outstanding at the date of calculation would cease to be Outstanding except by reason of the payment thereof upon stated maturity or upon mandatory redemption by application of Sinking Fund Installments; provided, further, that if the Department has, in connection with any Senior Lien Bonds bearing interest at fixed rates, entered into a Financial Contract that provides that the Department is to pay to the Qualified Counterparty an amount based upon a variable rate of interest on the outstanding principal amount of such fixed rate Senior Lien Bonds and that the Qualified Counterparty is to pay to the Department an amount determined based upon a fixed rate, it is to be assumed that such fixed rate Senior Lien Bonds bear interest at their fixed rates of interest.

(b) Variable Rate Senior Lien Bonds are to be assumed to bear interest at the greater of (i) the rate or rates that were assumed by the Department to be borne by Variable Rate Senior Lien Bonds during such Fiscal Year or (ii) the average rate or rates borne on Variable Rate Senior Lien Bonds outstanding during the twelve calendar months preceding the date of calculation, but at a rate not less than the rate or rates borne thereon as of such date of calculation; provided, however, that if the Department has in connection with any Variable Rate Senior Lien Bonds entered into a Financial Contract that provides that the Department is to pay to the Qualified Counterparty an amount determined based upon a fixed rate of interest on the outstanding principal amount of such Variable Rate Senior Lien Bonds and that the Qualified Counterparty is to pay to the Department an amount determined based upon the rate the Variable Rate Senior Lien Bonds bear interest, it is to be assumed that such Variable Rate Senior Lien Bond bears interest at the fixed rate or rates of interest to be paid by the Department.

(c) Each Series of Interim Obligations are to be assumed to bear interest at their stated rate prior to their final maturity date. The principal amount of each Series of Interim Obligations plus the interest due on that Series of Interim Obligations at their final maturity date (the "Assumed Principal") are to be assumed to bear interest from the final maturity date of the Interim Obligations at the Interim Obligation Rate. The Assumed Principal is to be assumed to be paid in fifty (50) equal semiannual payments that are sufficient to fully amortize the Assumed Principal, with interest at the Interim Obligation Rate. The first semiannual payment is to be assumed to be due on the fifteenth day of November that is at least six months after the final maturity date of the Interim Obligations, and subsequent semiannual payments are to be assumed to be due on the following fifteenth day of each May and November of each year.

"**Annual Subordinate Debt Service**" means the amount required to be paid in a Fiscal Year of principal or Accreted Value of and interest on any Outstanding Subordinate Lien Obligations and any Outstanding Interim Obligations, issued on parity with any Outstanding Subordinate Lien Obligations, outstanding in a Fiscal Year, calculated as follows:

(a) With respect to any Outstanding Subordinate Lien Obligations, an amount equal to the sum of (i) interest payable during such Fiscal Year on such Current Interest Subordinate Lien Obligations, including any interest due under a Subordinate Reimbursement Obligation, if any, pursuant to the Master Declaration, except to the extent that such interest is to be paid from amounts representing Capitalized Interest and (ii) the Principal Installments of such Current Interest Subordinate Lien Obligations payable during such Fiscal Year, including principal, if any, due on Subordinate Reimbursement Obligations pursuant to the Master Declaration. Such interest and Principal Installments are to be calculated on the assumption that no such Subordinate Lien Obligations, or Subordinate Reimbursement Obligations Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment thereof upon stated maturity or upon mandatory redemption by application of Sinking Fund Installments.

(b) (1) If any Outstanding Subordinate Lien Obligations constitute Variable Rate Subordinate Lien Obligations, such Subordinate Lien Obligations are to be assumed to bear interest at the average rate or rates borne on Variable Rate Subordinate Lien Obligations outstanding during the twelve calendar months preceding the date of calculation, but at a rate not less than the rate or rates borne thereon as of such date of calculation.

(2) If any Subordinate Lien Obligations proposed to be issued are to be Variable Rate Subordinate Lien Obligations the interest on which is excluded from gross income for federal income tax purposes, then such Subordinate Lien Obligations are to be assumed to bear interest at an interest rate equal to the average BMA Index during the twelve calendar months preceding the date of calculation, or if the BMA Index is not available for such period, another similar rate or index selected by the Department. If any Subordinate Lien Obligations proposed to be issued are to be Variable Rate Subordinate Lien Obligations the interest on which is included in gross income for federal income tax purposes, then such Subordinate Lien Obligations are to be assumed to bear interest at an interest rate equal to the average One Month USD LIBOR Rate during the twelve months preceding the date of calculation, or if the One Month USD LIBOR Rate is not available for such period, another similar rate or index selected by the Department.

(c) Each Series of Interim Subordinate Lien Obligations is to be assumed to bear interest at their stated rate prior to their final maturity date. The principal amount of each Series of Interim Subordinate Lien Obligations plus the interest due on that Series of Interim Subordinate Lien Obligations at their final maturity date (the "Assumed Principal") is to be assumed to bear interest from the final maturity date of the Interim Subordinate Lien Obligations at the Interim Obligation Rate. The Assumed Principal is to be assumed to be paid in fifty (50) equal semiannual payments that are sufficient to fully amortize the Assumed Principal, with interest at the Interim Obligation Rate. The first semiannual payment is to be assumed to be due on the fifteenth day of November that is at least six months after the final maturity date of the Interim Subordinate Lien Obligations, and subsequent semiannual payments is to be assumed to be due on the following fifteenth day of each May and November of each year.

(d) For purposes of computing Annual Subordinate Debt Service on any Outstanding Subordinate Lien Obligations that constitute Balloon Obligations, it is to be assumed that the principal of such Balloon Obligations, together with interest thereon at the rate applicable to such Balloon Obligations, is to be amortized in equal annual installments over a term equal to the lesser of (1) 30 years or (2) the average weighted useful life (expressed in years, rounded to the next highest integer and to be set forth in a written certificate of the Director) of the properties and assets constituting the project (if any) financed out of the proceeds of such Balloon Obligations.

(e) (1) For purposes of computing the Annual Subordinate Debt Service on any Series of Outstanding Subordinate Lien Obligations with respect to which the Department has entered into a Financial Contract, the Annual Subordinate Debt Service computed as described in subsections (a) through (d) of this definition for such Series of Outstanding Subordinate Lien Obligations is to be adjusted by adding to Annual Subordinate Debt Service the amounts, if any, the Department has paid as Financial Contract Payments during the twelve calendar months preceding the date of calculation and by subtracting from Annual Subordinate Debt Service the amounts, if any, the Department has received as Financial Contract Receipts during the twelve calendar months preceding the date of calculation.

(2) For purposes of computing the Annual Subordinate Debt Service on any Series of Subordinate Lien Obligations proposed to be issued with respect to which the Department is to enter into a Financial Contract, the Annual Subordinate Debt Service computed as described in subsections (a) through (d) of this definition for such Series of Subordinate Lien Obligations is to be adjusted by adding to Annual Subordinate Debt Service the estimated payments, if any, the Department expects to pay as Financial Contract Payments during the twelve calendar months following the execution of the Financial Contract and by subtracting from Annual Subordinate Debt Service the estimated receipts, if any, the Department expects to receive as Financial Contract Receipts during the twelve calendar months following the execution of the Financial Contract. The estimated payments and estimated receipts are to be calculated as if the Financial Contract had been in place during the preceding twelve calendar months.

(f) For purposes of computing the Annual Subordinate Debt Service on any Series of Subordinate Lien Obligations, the Annual Subordinate Debt Service computed as described in subsections (a) through (d) of this definition for such Series of Subordinate Lien Obligations is to be adjusted by subtracting from Annual Subordinate Debt Service the related Subordinate Lien Subsidy Payments in the years in which such Subordinate Lien Subsidy Payments are scheduled or expected to be received.

"**Balloon Obligations**" means any Outstanding Subordinate Lien Obligations (including without limitation commercial paper notes and bond anticipation notes), 25 percent or more of the principal of which matures or is payable on the same date and is not required by the Supplemental Declaration pursuant to which such Subordinate Lien Obligations were incurred to be amortized by payment or redemption prior to such date, and that are designated as "Balloon Obligations" in such Supplemental Declaration.

"**Beneficial Owner**" means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Obligations (including persons holding Obligations through nominees, depositories or other intermediaries).

"**Bond Counsel**" means any law firm appointed as bond counsel to the Department and having knowledge and expertise in the field of municipal law and whose opinions are generally accepted by purchasers of municipal bonds.

"**Bond Declaration**" means, collectively, the Master Declaration and any subsequent amendment or supplement that is made in a Supplemental Declaration or a Series Declaration in accordance with the restrictions contained in the Master Declaration and any Supplemental Declaration.

"**Bond Proceeds Account**" means the account by that name established by the Department within the State Highway Fund pursuant to the provisions of the Master Declaration described under the heading "Funds and Accounts" in this Appendix D.

"**Bondowner**," "**Owner**" or "**Registered Owner**" means a registered owner of an Obligation.

"**Bond Registrar**" or "**Registrar**" means the paying agent and registrar designated by the Department and the State Treasurer as provided in the Master Declaration.

"**Book-Entry-Only System**" means a system for clearance and settlement of securities transactions through electronic book-entry changes, which eliminates the need for physical movement of securities.

"**Business Day**" means, for purposes of the Master Declaration, any day that is not a Saturday, Sunday, legal holiday or a day on which the offices of banks in Oregon or New York are authorized or required by law or executive order to remain closed and which will not be a day on which the New York Stock Exchange or the Depository is closed.

"**Capital Appreciation Obligations**" means those Senior Lien Bonds or those Subordinate Lien Obligations for which interest is compounded periodically on each of the applicable periodic dates designated for compounding and payable at the maturity or earlier redemption thereof, all as so designated in a Supplemental Declaration of the Department providing for the issuance thereof, including any Senior Lien Bonds or any Subordinate Lien Obligations that accrue and compound interest for a period of time, but later convert to Current Interest Bonds or Current Interest Subordinate Lien Obligation and upon the Conversion Date such Senior Lien Bonds or such Subordinate Lien Obligations will no longer be Capital Appreciation Obligations, but will be treated as having a principal amount equal to their Accreted Value on the Conversion Date.

"**Capitalized Interest**" means that portion of the proceeds of any Senior Lien Bonds deposited in the Capitalized Interest Account of the Debt Service Account or that portion of the proceeds of any Subordinate Lien Obligations deposited in the Capitalized Interest Subaccount of the Subordinate Lien Obligations Account, and interest earnings thereon to the extent retained in the Capitalized Interest Account or Capitalized Interest Subaccount, as provided in the Master Declaration, for the purpose of funding the payment of a portion of the interest on any Senior Lien Bonds or any Subordinate Lien Obligations.

"**Capitalized Interest Account**" means the account by that name established by the Department in the Debt Service Account in connection with any Senior Lien Bonds pursuant to the Master Declaration.

"**Capitalized Interest Subaccount**" means the subaccount by that name established by the Department in the Subordinate Lien Obligations Account in connection with any Subordinate Lien Obligations pursuant to the provisions of the Master Declaration described under the heading "Funds and Accounts" in this Appendix D.

"**Code**" means the Internal Revenue Code of 1986, as amended, together with the rules and regulations promulgated thereunder and amendments thereto.

"**Commission**" means the Oregon Transportation Commission.

"**Conversion Date**" means the date from and after which Capital Appreciation Obligations convert to Current Interest Bonds or Current Interest Subordinate Lien Obligations and from and including which interest becomes payable on a periodic basis.

"**Credit Agreement**" means an agreement with a Credit Provider evidencing the Department's obligations to the Credit Provider.

"**Credit Facility**" means any direct-pay letter of credit, municipal bond insurance policy, surety bond, or other credit enhancement device given, issued or posted for or that guarantees (i) the payment of scheduled principal or Accreted Value of and interest on Obligations or (ii) the scheduled payment obligations under a Financial Contract, including any Alternate Credit Facility.

"**Credit Provider**" means the person or entity, if any, providing a Credit Facility.

"**Current Interest Bonds**" means those Senior Lien Bonds that bear interest payable periodically on specified or determinable dates prior to the maturity or redemption dates, including any Senior Lien Bonds designated as Capital Appreciation Obligations from and after the Conversion Date, all as so designated in a Supplemental Declaration providing for the issuance or incurrence of such Senior Lien Bonds, and which may be either Serial Obligations or Term Obligations including without limitation Variable Rate Senior Lien Bonds.

"**Current Interest Subordinate Lien Obligations**" means those Subordinate Lien Obligations that bear interest payable periodically on specified or determinable dates prior to the maturity or redemption dates, including any Subordinate Lien Obligations designated as Capital Appreciation Obligations from and after the Conversion Date, all as so designated in a Supplemental Declaration providing for the issuance or incurrence of such Subordinate Lien Obligations, and which may be either Serial Obligations or Term Obligations including without limitation Variable Rate Subordinate Lien Obligations.

"**Debt Service Account**" means the account of that name created and established by the Department pursuant to the provisions of the Master Declaration described under the heading "Funds and Accounts" in this Appendix D.

"**Defeasance Obligations**" means noncallable, nonprepayable obligations of the type described in clause (b), (c), or (i) of the definition of Investment Securities herein, if and to the extent the same are at the time legal investments by the Department for such purpose, that are not subject to redemption prior to maturity except at the option of the owner, provided however that Defeasance Obligations will not include ownership interests described in clause (b)(ii) of the definition of Investment Securities herein, if the underlying obligations can be redeemed at the option of the owner or if the ownership interest is in interest only.

"**Department**" means the Department of Transportation of the State.

"**Depository**" or "**DTC**" means The Depository Trust Company or any other qualified securities depository designated by the Department or the State Treasurer as its successor.

"**Director**" means the Director of the Department, or his or her duly authorized designee.

"**Existing Senior Lien Bonds**" means all bonds having an equal and ratable (*pari passu*) lien on the Trust Estate issued pursuant to the Original Master Declaration and the Original Master Declaration Supplements and Outstanding as of June 1, 2006.

"**Financial Contract**" means any financial arrangement entered into by the Department or the State Treasurer, to the extent from time to time permitted by law, with respect to Obligations, and any financial arrangement entered into by the Department for the purpose of moderating interest rate fluctuations or any other purpose, (i) which is entered into with an entity that is a Qualified Counterparty at the time the arrangement is entered into and (ii) which is any of the following, or any combination thereof, or any option with respect thereto: a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Obligations or a notional principal amount relating to all or a portion of the principal amount of such Obligations); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; or other similar transaction (however designated).

"**Financial Contract Payments**" means payments periodically required to be paid to a Qualified Counterparty by the Department pursuant to a Financial Contract.

"**Financial Contract Receipts**" means payments periodically required to be paid to the Department by a Qualified Counterparty pursuant to a Financial Contract.

"**Fiscal Year**" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or as otherwise defined by State law.

"**Fitch**" means Fitch, Inc. (doing business as Fitch Ratings), a corporation organized and existing under the laws of the State of Delaware, its successor and their assigns.

"**Fourth Supplemental Declaration**" means the Fourth Supplement to the Amended and Restated Master Highway User Tax Revenue Bond Declaration, dated as of April 1, 2010.

"**Interest Payment Date**" means with respect to a particular Series of Obligations, any date upon which interest on and/or principal of the Obligations of such Series is due and payable in accordance with the terms thereof as more specifically provided in a Supplemental Declaration with respect to such Series of Obligations.

"**Interim Obligation Rate**" means the most recently published Bond Buyer Revenue Bond Index Rate published in *The Bond Buyer*, or, if that index rate ceases to be available, a reasonably comparable index rate selected by the Department.

"**Interim Obligations**" means any Additional Senior Lien Bonds that mature within five years or less after they are issued and that are designated as "Interim Obligations" in a Supplemental Declaration.

"**Interim Subordinate Lien Obligations**" means any Subordinate Lien Obligations that mature within five years or less after they are issued, and that are designated as "Interim Subordinate Lien Obligations" in a Supplemental Declaration.

"**Investment Securities**" means and includes any of the following securities, if and to the extent the same are at the time legal investments by the Department:

(a) direct obligations of, or obligations guaranteed as to principal and interest by, any state or the United States of America, or direct obligations of any agency, public department or political subdivision thereof, provided such obligations are rated, at the time of purchase, in one of the three highest Rating Categories by any Rating Agency;

(b) (i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are guaranteed by, the United States of America, including obligations of any agency thereof or corporation which has been or may thereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America to the extent unconditionally guaranteed by the United States of America or (ii) any other receipt, certificate or other evidence of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in subclause (i) of this clause (b);

(c) obligations of any agency, subdivision, department, division or instrumentality of the United States of America, or obligations fully guaranteed as to interest and principal by any agency, subdivision, department, division or instrumentality of the United States of America;

(d) banker's acceptances or certificates of deposit issued by a commercial bank with its principal place of business within the State and having capital and surplus of more than $100,000,000;

(e) corporate securities, including commercial paper and fixed income obligations, which are, at the time of purchase, rated by any Rating Agency in one of its three highest Rating Categories for comparable types of obligations;

(f) repurchase agreements or other investment agreements collateralized by securities described in clause (b) and (c) of this definition with any registered broker/dealer or with any domestic commercial bank whose long-term debt obligations are rated "investment grade" by at least two Rating Agencies, provided that (i) a specific written repurchase agreement governs the transaction, (ii) the securities are held, free and clear of any lien, by the State Treasurer or an independent third party acting solely as agent for the State Treasurer, and such third party is either a direct member of the Federal Reserve Bank or a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than $25,000,000, and the State Treasurer will have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the State Treasurer (iii) the repurchase agreement has a term of thirty days or less, or the State Treasurer will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within five business days of such valuation, and (iv) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 102 percent;

(g) investment agreements or guaranteed investment contracts with any financial institution whose senior long term debt obligations, or whose obligations under such an investment agreement or guaranteed investment contract are guaranteed by a financial institution whose senior long term debt obligations, have a rating (at the time such agreement or contract is entered into) in one of the three highest Rating Categories for comparable types of obligations by any Rating Agency;

(h) money market funds rated in one of the three highest Rating categories for comparable types of obligations by any Rating Agency;

(i) municipal obligations, the payment of principal and redemption price, if any, and interest on which is irrevocably secured by obligations of the type referred to in clauses (a), (b) or (c) of this definition and which obligations have been deposited in an escrow arrangement which is irrevocably pledged to the payment of such municipal obligations and which municipal obligations are rated in the highest Rating Category by any Rating Agency, or any other municipal obligation rated in the highest Rating Category by any Rating Agency;

(j) obligations of any person or entity which will be rated at the time of the investment in one of the three highest Rating Categories by any Rating Agency; and

(k) any other investment in which the State is permitted to invest under applicable law, notwithstanding any limitations set forth in clauses (a) through (j) of this definition.

"**Liquidity Facility**" means a line of credit, standby bond purchase agreement, standby or direct-pay letter of credit, surety bond or any other instrument that provides for the payment of the purchase price of Obligations of one or more Series, including any Alternate Liquidity Facility.

"**Liquidity Provider**" means the provider of a Liquidity Facility.

"**Mandatory Redemption Schedule**" means with respect to particular Obligations, the schedule pursuant to which the principal portions are subject, without contingency, to mandatory redemption or prepayment prior to maturity, all as set forth in the Supplemental Declaration pursuant to which such Series of Obligations are issued.

"**Master Declaration**" means the Amended and Restated Master Highway User Tax Revenue Bond Declaration, dated as of June 1, 2006 (Conformed as of November 1, 2010 pursuant to the Fourth Supplemental Declaration), executed and delivered by the Department and approved by the State Treasurer.

"**Maximum Annual Aggregate Debt Service**" means the greatest combined Annual Debt Service and Annual Subordinate Debt Service occurring in the same Fiscal Year.

"**Maximum Annual Debt Service**" means the greatest Annual Debt Service, calculated on all Senior Lien Bonds (including the effect of any Financial Contract, as stated in the definition of Annual Debt Service) which are Outstanding on the date of calculation.

"**Maximum Interest Rate**" means the greatest annual rate of interest that any Variable Rate Senior Lien Bonds or Variable Rate Subordinate Lien Obligations may bear as provided in the Supplemental Declaration authorizing their issuance.

"**Moody's**" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns.

"**New Pledged Revenues**" means any revenues not listed in subsections (a) through (g) under the heading "Security" in this Appendix D that are approved by the Legislative Assembly or approved by the Oregon voters in a statewide election by initiative or referendum, as applicable, and that are pledged and available to pay and secure the Senior Lien Bonds and any Additional Senior Lien Bonds or any Subordinate Lien Obligations.

"**Nineteenth Supplemental Declaration**" means the Nineteenth Supplement to the Amended and Restated Master Highway User Tax Revenue Bond Declaration, dated as of September 1, 2020, authorizing the 2020 Bonds in accordance with the Master Declaration.

"**Obligation**" or "**Obligations**" means the Senior Lien Bonds, the Subordinate Lien Obligations and the Second Subordinate Lien Obligations issued pursuant to the Bond Declaration.

"**Opinion of Bond Counsel**" means an opinion in writing of Bond Counsel addressed to the Department to the effect that the action proposed to be taken is authorized or permitted by the laws of the State and the Master Declaration or other such action will not adversely affect the validity of the Obligations under the laws of the State or the exclusion from gross income for federal income tax purposes of interest on the Obligations to the extent such Obligations were issued as Tax-Exempt Obligations.

"**Original Master Declaration**" means the Master Highway User Tax Revenue Bond Declaration dated as of August 1, 2000.

"**Original Master Declaration Supplements**" means the declarations supplemental to or amendatory of the Original Master Declaration entered into by the Department in accordance with the

Original Master Declaration prior to the amendment and restatement of the Original Master Declaration effective as of June 1, 2006.

"**ORS**" means the Oregon Revised Statutes, as amended.

"**Outstanding**" means, when used with reference to the Obligations, the Obligations that have been authorized and delivered pursuant to the Master Declaration and any Supplemental Declaration, except:

(a) Obligations paid or cancelled by the Bond Registrar;

(b) Obligations (or portions thereof) for the payment or redemption or purchase for cancellation of which sufficient moneys will be held in trust under the Master Declaration and set aside for such purpose (whether at or prior to the maturity or redemption date), provided that if such Obligations are to be redeemed, irrevocable notice of such redemption (or irrevocable instructions to give such notice) has been duly given pursuant to the Master Declaration and any applicable Supplemental Declaration; and

(c) Obligations in exchange for or in lieu of which other Obligations will have been authenticated and delivered pursuant to the Master Declaration as described under the heading "Authentication, Registration, Exchange and Transfer" below.

"**Parity Reimbursement Obligation**" means any Reimbursement Obligation in connection with the Senior Lien Bonds and secured on a parity with the Senior Lien Bonds.

"**Paying Agent**" means any paying agent for any Obligations, and its successor or successors and any other person which may at any time be substituted in its place pursuant to the Master Declaration.

"**Pledged Revenues**" means the Pledged Revenues as defined and as set forth in the Master Declaration, which is summarized under the heading "Security" in this Appendix D.

"**Principal Installment**" means, as of any date of calculation and with respect to any Outstanding Obligations:

(a) the principal amount or Accreted Value of such Obligations for which no Sinking Fund Installments have been established (including (x) any amount designated in, or determined pursuant to, the applicable Supplemental Declaration as the "principal amount" with respect to any Obligations that do not pay full current interest for all or any part of their term and (y) the principal amount of any Parity Reimbursement Obligation then Outstanding or any Subordinate Reimbursement Obligation then Outstanding, as applicable; provided, that if the principal of or interest on any Obligations have been paid by a Credit Provider under a Credit Facility such Obligations will not be deemed paid for purposes of the Master Declaration and will remain Outstanding and will continue to be due and owing until paid by the Department in accordance with the provisions of the Master Declaration), and

(b) the unsatisfied balance of any Sinking Fund Installments due on a certain future date for such Obligations.

"**Qualified Counterparty**" means an entity:

(a) whose senior long-term debt obligations, other senior unsecured long-term obligations, financial program rating, counterparty rating or claims paying ability are rated (at the time the subject

Financial Contract is entered into) in any of the three highest Rating Categories from any nationally recognized statistical rating organization, or

(b) whose payment obligations under a Financial Contract are guaranteed by an entity whose senior long-term debt obligations, other senior unsecured long-term obligations, financial program rating, counterparty rating or claims paying ability, are rated (at the time the subject Financial Contract is entered into) in any of the three highest Rating Categories from any nationally recognized statistical rating organization, or

(c) whose obligation, if any, to make payment to the Department upon the termination of the subject Financial Contract is fully collateralized by Investment Securities of the type described in clause (c) of the definition of Investment Securities; provided, however, that such obligation will be deemed to be fully collateralized if the Investment Securities have a market value, determined periodically in accordance with the Financial Contract, that is not less than 102 percent of any termination payment set forth in the Financial Contract.

"**Rating Agency**" means:

(a) with respect to any Obligations which, at the request of the State, are then rated by S&P, S&P; or

(b) with respect to any Obligations which, at the request of the State, are then rated by Moody's, Moody's; or

(c) with respect to any Obligations which, at the request of the State, are then rated by Fitch, Fitch; or

(d) with respect to any Obligations rated which, at the request of the State are then rated by any other nationally recognized securities rating agency, such other financial rating service.

"**Rating Category**" means a general rating category of an applicable Rating Agency or nationally recognized statistical rating organization without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

"**Rebate Account**" means any rebate account that may be established within the Debt Service Account pursuant to the provisions of the Master Declaration described under the heading "Funds and Accounts" in this Appendix D to comply with the Tax Covenants in connection with any Senior Lien Bonds.

"**Rebate Subaccount**" means any rebate subaccount that may be established within the Subordinate Lien Obligations Account pursuant to the provisions of the Master Declaration described under the heading "Funds and Accounts" in this Appendix D to comply with the Tax Covenants in connection with any Subordinate Lien Obligations.

"**Record Date**" means:

(a) with respect to the 2000 Bonds, the date which is the first (1^{st}) day of the month, whether or not a Business Day, and

(b) with respect to any other Series of Obligations, such date or dates established by the Supplemental Declaration pursuant to which such Series of Obligations is issued.

"**Redemption Price**" means, with respect to any Obligations, the amount payable upon the redemption or prepayment thereof prior to maturity, including the principal of, premium (if any) and accrued or accreted interest thereon.

"**S&P**" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns.

"**Second Subordinate Lien Obligations**" mean any revenue bonds, notes, or other evidences of indebtedness of the Department (including but not limited to any Second Subordinate Lien Obligations bearing interest at fixed rates, variable rates or Financial Contracts) permitted under applicable law, and issued pursuant to the Master Declaration and any Supplemental Declaration and that will be secured on an equal and ratable (*pari passu*) basis with any other Second Subordinate Lien Obligations Outstanding with respect to the lien on the Subordinate Security, such Second Subordinate Lien Obligations will be junior and subordinate to the pledge and lien on the Trust Estate in favor of the Senior Lien Bonds and will be junior and subordinate to the pledge and lien on the Subordinate Security in favor of the Subordinate Lien Obligations, as provided for in the Master Declaration.

"**Senior Lien Bond**" or "**Senior Lien Bonds**" means all of the Existing Senior Lien Bonds and any Additional Senior Lien Bonds (including but not limited to any Senior Lien Bonds or other obligations bearing interest at fixed rates, Variable Rate Senior Lien Bonds or Financial Contracts) issued pursuant to the Master Declaration and a Supplemental Declaration with an equal and ratable (*pari passu*) lien on the Trust Estate as the lien of the Existing Senior Lien Bonds, but not including Subordinate Lien Obligations or Second Subordinate Lien Obligations.

"**Senior Lien Bonds Debt Service Subaccount**" means the subaccount by that name established within the Debt Service Account pursuant to the provisions of the Master Declaration described under the heading "Funds and Accounts" in this Appendix D.

"**Serial Obligations**" means Obligations that are stated to mature on the same date in consecutive years or in consecutive six-month periods or are stated to mature in consecutive annual or semiannual installments and so designated in a Supplemental Declaration.

"**Series"** means the separate series of Senior Lien Bonds, series of Subordinate Lien Obligations or series of Second Subordinate Lien Obligations identified as such and issued, authenticated and delivered pursuant to the Master Declaration or a Supplemental Declaration and Senior Lien Bonds, Subordinate Lien Obligations or Second Subordinate Lien Obligations thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to the Master Declaration or such Supplemental Declaration regardless of variations in maturity, interest rate or other provisions.

"**Series Declaration**" means any declaration supplemental to the Master Declaration providing for the issuance of any Series of Senior Lien Bonds or Subordinate Obligations.

"**Seventeenth Supplemental Declaration**" means the Seventeenth Supplement to the Amended and Restated Master Highway User Tax Revenue Bond Declaration, dated as of October 1, 2019.

"**Sinking Fund Installment**" means, as of any particular date of calculation, the amount required, as of such date of calculation, to be paid by the Department on a future date for the redemption of Outstanding Obligations that are stated to mature subsequent to such future date, but does not include any amount payable by the Department by reason only of the maturity of an Obligation.

"**Sixteenth Supplemental Declaration**" means the Sixteenth Supplement to the Amended and Restated Master Highway User Tax Revenue Bond Declaration, dated as of March 1, 2019.

"**State**" means the State of Oregon acting by and through the State Treasurer or the Department.

"**State Highway Fund**" means the fund established under ORS 366.505. The State Highway Fund is a trust fund, separate and distinct from the State's general fund.

"**Subordinate Lien Obligations**" means any revenue bonds, notes, other obligations of the Department and any Additional Subordinate Lien Obligations (including but not limited to any Subordinate Lien Obligations bearing interest at fixed rates, Variable Rate Subordinate Lien Obligations or Financial Contracts) permitted under applicable law and issued pursuant to the Master Declaration and any Supplemental Declaration with an equal and ratable (*pari passu*) lien on the Subordinate Security and issued on a subordinate basis to the Senior Lien Bonds, but not including Second Subordinate Lien Obligations.

"**Subordinate Lien Obligations Account**" means the account by that name established within the Debt Service Account pursuant to the provisions of the Master Declaration described under the heading "Funds and Accounts" in this Appendix D.

"**Subordinate Lien Obligations Proceeds Account**" means the account by that name established by the Department within the State Highway Fund pursuant to the provisions of the Master Declaration described under the heading "Funds and Accounts" in this Appendix D.

"**Subordinate Lien Subsidy Payments**" means such Subsidy Payments related to only Subordinate Lien Obligations.

"**Subordinate Reimbursement Obligation**" means any Reimbursement Obligation in connection with the Subordinate Lien Obligations.

"**Subordinate Security**" means the Subordinate Security pledged to secure payment of the Subordinate Lien Obligations as described under the heading "Lien on Pledged Revenues and Pledge of Trust Estate and Subordinate Security" in this Appendix D.

"**Subsidy Payments**" means any payments received by or on behalf of the State or the Department in connection with a debt service obligation of the State or the Department related to Senior Lien Bonds or Subordinate Lien Obligations issued pursuant to the Master Declaration, including but not limited to subsidy payments by the federal government on account of the issuance of Build America Bonds pursuant to the federal American Recovery and Reinvestment Act of 2009 or any successor legislation.

"**Supplemental Declaration**" means any declaration that amends the Master Declaration.

"**Tax Certificate**" means the Tax Certificate executed by the Department in connection with the 2020 Bonds.

"**Tax Covenants**" means with respect to Tax-Exempt Obligations the covenants of the Department to comply with the Code to ensure the initial and continued exclusion from gross income for federal income tax purposes of the interest on such Senior Lien Bonds or Subordinate Lien Obligations.

"**Tax-Exempt Obligation**" means any Obligation, the interest on which is excluded from gross income for federal income tax purposes.

"**Taxable Obligation**" means any Obligation, the interest on which is included in gross income for federal income tax purposes.

"**Tender Agent**" means with respect to a particular Series of Obligations, the person or entity designated to act in such capacity with respect to such Series of Obligations pursuant to the Supplemental Declaration under which such Obligations are issued.

"**Term Obligations**" means the portion of a Series of Obligations, as applicable, which mature on one date and that may be subject to scheduled mandatory redemption prior to maturity pursuant to a Mandatory Redemption Schedule.

"**Trust Estate**" means the Trust Estate pledged to secure payment of Senior Lien Bonds as described under the heading "Lien on Pledged Revenues and Pledge of Trust Estate and Subordinate Security" in this Appendix D.

"**Variable Rate Senior Lien Bond**" means, as of any date of determination, any Senior Lien Bond on which the interest rate borne thereby may vary during any part of its remaining term.

"**Variable Rate Subordinate Lien Obligations**" means, as of any date of determination, any Subordinate Lien Obligations on which the interest rate borne thereby may vary during any part of its remaining term.

MASTER DECLARATION

The following is a summary of certain provisions of the Master Declaration. This summary of the Master Declaration does not purport to be complete or definitive and reference is made to the Master Declaration for the complete terms thereof.

General

The Master Declaration authorizes the Department to apply for the approval of and the issuance by the State Treasurer of each Series of Highway User Tax Revenue Bonds to be issued under the Master Declaration and sets forth the terms and conditions governing each Series of Obligations issued.

Except as expressly amended by the provisions of the Master Declaration, all terms and conditions of the Original Master Declaration Supplements remain in full force and effect with respect to the Existing Senior Lien Bonds. The Master Declaration was conformed as of November 1, 2010 to incorporate amendments made in the Fourth Supplemental Declaration.

Authentication, Registration, Exchange and Transfer

In connection with all Obligations, the following will apply unless otherwise provided in a Supplemental Declaration:

(a) the Paying Agent and Bond Registrar will authenticate and deliver all Obligations at closing and will additionally authenticate all Obligations properly surrendered for exchange or transfer under the Master Declaration;

(b) all Obligations will be in registered form;

(c) the ownership of all Obligations will be entered in the Bond register maintained by the Bond Registrar and the Bond Registrar may treat the person listed as Owner in the Bond register as the Owner of the Obligations for all purposes;

(d) the Bond Registrar will mail or cause to be delivered each interest payment on the Interest Payment Date (or the next Business Day if the Interest Payment Date is not a Business Day) to the name and address of the Owner, as that name and address appear on the Bond register as of the Record Date. If payment is so mailed or delivered, neither the State nor the Bond Registrar will have any further liability to any party for such payment;

(e) Obligations may be exchanged for an equal principal amount or Accreted Value of Obligations of the same series and maturity that are in different authorized denominations, and Obligations may be transferred to other Owners if the Owner submits the following to the Bond Registrar:

(i) written instructions for exchange or transfer satisfactory to the Bond Registrar, signed by the Owner or his attorney in fact and guaranteed or witnessed in a manner satisfactory to the Registrar; and

(ii) the Obligations to be exchanged or transferred;

(f) the Bond Registrar will not be required to exchange or transfer any Obligations submitted to it during any period beginning with a Record Date and ending on the next following payment date; however, such Obligations will be exchanged or transferred promptly following the payment date, except as provided in a Supplemental Declaration;

(g) the Bond Registrar will not be required to exchange or transfer any Obligations that have been designated for redemption if such Obligations are submitted to it during the fifteen-day period preceding the designated redemption date, except as provided in a Supplemental Declaration;

(h) Obligations will be considered submitted to the Registrar on the date the Registrar actually receives the materials described in subsection (e) above; and

(i) the State may alter the provisions described under this heading with regard to registration and transfer by mailing notification of the altered provisions to all Owners. The altered provisions will take effect on the date stated in the notice, which will not be earlier than 45 days after notice is mailed.

Use of Proceeds of the Obligations

Upon the closing of the sale of each Series of Obligations and the receipt of the proceeds thereof, the proceeds of the Obligations will be used and applied as provided in the Supplemental Declaration pursuant to which such Series of Obligations is issued.

Security

The Pledged Revenues consist of the sources of revenue described under this heading that the laws then in effect permit to be used to pay and secure the Senior Lien Bonds, to pay and secure the Subordinate Lien Obligations, on a junior, inferior and subordinate basis to the pledge and lien that secures the Senior Lien Bonds and to pay and secure the Second Subordinate Lien Obligations, on a junior, inferior and subordinate basis to the pledge and lien that secures the Senior Lien Bonds and the pledge and lien that secures the Subordinate Lien Obligations. The Pledged Revenues consist of the sources of revenue described in subsections (a) through (o) under this heading which remain after deducting: (i) administrative expenses and costs of collection; (ii) transfers and allocations described in ORS 366.742 and ORS 367.605(3) (which includes moneys provided for appropriations to counties under ORS 366.762 to 366.768, moneys for appropriations to cities under ORS 366.785 to 366.820 and moneys in the account established under ORS 366.512 for parks and recreation); (iii) allocations of moneys from specified fee and tax increases under ORS 366.744(1) (which includes allocations of moneys to counties under ORS 366.744(2)(b) and to cities under ORS 366.744(2)(c) if such moneys are not needed for payment of principal and interest on the 2004A Bonds); (iv) allocations of moneys under ORS 366.747 resulting from the increase in fees under ORS 807.370 by Section 49, Chapter 618, Oregon Laws 2003; and (v) allocations of moneys under ORS 366.752(3)(b) and ORS 366.752(3)(c) (which includes allocations of moneys to counties under ORS 366.762 and cities under ORS 366.800) resulting from the increases in fees under ORS 803.090, 803.420, 803.570, 803.645, 319.020, 319.530, 818.225, 825.476 and 825.480, by JTA Sections 42, 43, 43a, 44, 44a, 48, 49 and 51 to 53, respectively:

(a) Moneys from the taxes and fees on motor carriers imposed under ORS 825.474, 825.476 and 825.480; and

(b) Moneys from the tax on motor vehicle fuel imposed under ORS 319.020; and

(c) Moneys from the tax on fuel used in motor vehicles imposed under ORS 319.530; and

(d) Moneys described under ORS 803.090 from the titling of vehicles, including the additional title fees under ORS 803.091 based on miles per gallon; and

(e) Moneys described under ORS 803.420 from the registration of vehicles, including the additional registration fees under ORS 803.422 based on miles per gallon; and

(f) Moneys described under ORS 807.370 relating to the issuance of driver licenses and driver permits; and

(g) Moneys described under ORS 818.225 relating to road use assessment fees; and

(h) Moneys described under ORS 803.570 relating to manufacturing of registration plates for vehicles; and

(i) Moneys described under ORS 803.645 relating to the issuance of trip permits; and

(j) Subsidy Payments; and

(k) Moneys attributable to the road usage charge program under ORS 319.885 that are available to the Department under ORS 319.895; and

(l) Moneys described under ORS 366.752(2) for the purposes of the long-range plan developed pursuant to ORS 184.617, to the extent such moneys are legally available; and

(m) Moneys attributable to the use tax imposed by ORS 320.410 that are available to the Department under ORS 320.435(2)(b); and;

(n) Additional Pledged Revenues; and

(o) Any other moneys legally available to the Department that the Department may hereafter expressly pledge to secure the Senior Lien Bonds or the Subordinate Lien Obligations pursuant to a Supplemental Declaration.

The Department is required to deposit the Pledged Revenues in the State Highway Fund. The Pledged Revenues are pledged by the Master Declaration to secure the payment of the principal or Accreted Value of, premium, if any, and interest on the Senior Lien Bonds. Further, the Pledged Revenues are pledged, on a subordinate, junior and inferior basis to the Senior Lien Bonds, to secure the payment of the principal or Accreted Value of, premium, if any and interest on the Subordinate Lien Obligations.

In addition to the pledge of moneys in the State Highway Fund, as described above, the Department may use other moneys legally available to the Department to pay principal or Accreted Value of, premium, if any, and interest on the Senior Lien Bonds as authorized by ORS 367.605(4)(b). The Department may also use other moneys legally available to the Department to pay principal or Accreted Value of, premium, if any, and interest on Subordinate Lien Obligations, on a subordinate, junior and inferior basis to the Senior Lien Bonds, as authorized by ORS 367.605(4)(b).

The Obligations do not constitute a general obligation debt of the State nor a debt or general obligation of any political subdivision thereof. No Registered Owners of the Obligations will have the right to compel the exercise of the ad valorem taxing power of the State or any political subdivision thereof nor is such taxing power pledged to pay bond debt service on the Obligations. In addition, no Registered Owners of the Obligations will have the right to compel the exercise of any other taxing power of the State except as described in the following sentence. The State, pursuant to ORS 367.615(2), will provide for the continued assessment, levy, collection and deposit into the State Highway Fund of moneys sufficient to pay, when due, the Annual Debt Service on the Senior Lien Bonds and the Annual Subordinate Debt Service on the Subordinate Lien Obligations or any other junior lien debt, including without limitation Second Subordinate Lien Obligations, if any, secured by Pledged Revenues. Further, pursuant to ORS 367.615(3), the State will not in any way impair the obligations of the agreement of the Master Declaration between the State and the Registered Owners of the Obligations.

Lien on Pledged Revenues and Pledge of Trust Estate and Subordinate Security

(a) *The Senior Lien Bonds*. Pursuant to ORS 367.660 and ORS 286A.102, a first lien and security interest is established in the Master Declaration upon the Pledged Revenues to pay the Senior Lien Bonds and any Additional Senior Lien Bonds that may be issued on a parity of security with the Senior Lien Bonds as set forth in the Master Declaration. Such lien is valid and binding from the effective date of the Master Declaration and the closing of the sale of the Senior Lien Bonds. Pledged Revenues are immediately subject to such lien without physical delivery or further act and the lien is valid and binding against all parties having claims on the Pledged Revenues of any kind, including claims under tort or contract, and will be valid and binding against all parties irrespective of whether the parties have notice of the lien and the Master Declaration need not be recorded or filed to protect such lien and security interest.

(b) *Pledge of Trust Estate*. Pursuant to ORS 367.660 and ORS 286A.102, as security for the payment of the principal or Accreted Value of, interest and premium (if any) on all Outstanding Senior Lien Bonds, a first lien and security interest is established in the Master Declaration upon and the Department pledges in the Master Declaration to the Registered Owners of the Senior Lien Bonds all of the Department's right, title and interest in the following:

(i) the Pledged Revenues;

(ii) any Credit Facility given as security for the payment of any amounts owing on any Senior Lien Bonds (and any moneys drawn or paid thereunder), provided that such Credit Facility secures only those Senior Lien Bonds for which it was given;

(iii) all moneys in the Debt Service Account (other than moneys credited to the Rebate Account therein);

(iv) any Financial Contract Receipts received in connection with any Financial Contract entered in connection with a Series of Senior Lien Bonds; and

(v) such other properties and assets as may be thereafter pledged to the payment of Senior Lien Bonds pursuant to any Supplemental Declaration or which may be delivered, pledged, mortgaged or assigned by any person as security for Senior Lien Bonds.

The foregoing is referred to herein as the "Trust Estate."

The lien on the Trust Estate is valid and binding from the effective date of the Master Declaration and the closing of the sale of the Senior Lien Bonds. The Trust Estate is subject immediately to such lien without physical delivery or further act and the lien is valid and binding against all parties having claims on the Trust Estate of any kind, including claims under tort or contract, and will be valid and binding against all parties irrespective of whether the parties have notice of the lien and the Master Declaration need not be recorded or filed to protect such lien and security interest.

(c) *The Subordinate Lien Obligations*. Pursuant to ORS 367.660 and ORS 286A.102, a lien and security interest is established upon the Pledged Revenues to pay the Subordinate Lien Obligations and any Additional Subordinate Lien Obligations that may be issued on a parity of security with the Subordinate Lien Obligations as set forth under the heading "Issuance of Additional Subordinate Lien Obligations" in this Appendix D, on a subordinate, junior and inferior basis to the lien and security granted to secure the Senior Lien Bonds. Such lien is valid and binding from the effective date of the Master Declaration and the closing of the sale of the Subordinate Lien Obligations. Pledged Revenues are immediately subject to such lien without physical delivery or further act and the lien is valid and binding against all parties having claims on the Pledged Revenues of any kind, including claims under tort or contract, and will be valid and binding against all parties irrespective of whether the parties have notice of the lien and the Master Declaration need not be recorded or filed to protect such lien and security interest.

(d) *Pledge of Subordinate Security*. Pursuant to ORS 367.660 and ORS 286A.102, as security for the payment of the principal or Accreted Value of, interest and premium (if any) on all Outstanding Subordinate Lien Obligations, a lien and security interest is established and the Department pledges in the Master Declaration to the Registered Owners of the Subordinate Lien Obligations all of the Department's right, title and interest in the following:

(i) the Pledged Revenues that are pledged to secure the Senior Lien Bonds, on a subordinate, junior and inferior basis to the lien and security granted to secure the Senior Lien Bonds;

(ii) any Credit Facility given as security for the payment of any amounts owing on any Subordinate Lien Obligations (and any moneys drawn or paid thereunder), provided that such Credit Facility secures only those Subordinate Lien Obligations for which it was given;

(iii) all moneys in the Subordinate Lien Obligations Account within the Debt Service Account (other than (i) moneys credited to the Rebate Subaccount therein and (ii) proceeds of any Credit Facility not pledged to such Series of Subordinate Lien Obligations);

(iv) any Financial Contract Receipts received in connection with any Financial Contract entered in connection with a Series of Subordinate Lien Obligations; and

(v) such other properties and assets as may thereafter be pledged to the payment of the Subordinate Lien Obligations pursuant to any Supplemental Declaration or that may be delivered, pledged, mortgaged or assigned by any person as security for the Subordinate Lien Obligations; provided, however, that such other properties and assets will not include any Pledged Revenues as defined in subsections (a) through (g) under the heading "Security" in this Appendix D as of the date of execution of the Master Declaration.

The foregoing is referred to herein as the "Subordinate Security."

The lien on the Subordinate Security is valid and binding from the effective date of the Master Declaration and the closing of the sale of the Subordinate Lien Obligations. The Subordinate Security is subject immediately to such lien without physical delivery or further act and the lien is valid and binding against all parties having claims on the Subordinate Security of any kind, including claims under tort or contract, and will be valid and binding against all parties irrespective of whether the parties have notice of the lien and the Master Declaration need not be recorded or filed to protect such lien and security interest.

Funds and Accounts

Pursuant to provisions of the Master Declaration described under this heading, the Department may create funds and accounts as may be required to secure and make payments relating to the Senior Lien Bonds, the Subordinate Lien Obligations and the Second Subordinate Lien Obligations, as may be more specifically set forth in any Supplemental Declaration and consistent with the provisions of the Master Declaration described above under the heading "Lien on Pledged Revenues and Pledge of Trust Estate and Subordinate Security."

(a) *Establishment of Funds and Accounts*.

(i) <u>State Highway Fund; Bond Proceeds Account; Subordinate Obligation Proceeds Account</u>. The State Highway Fund is a trust fund, separate and distinct from the State's general fund and is established under ORS 366.505. Within the State Highway Fund, the Department has previously established Bond Proceeds Accounts for each Series of Existing Senior Lien Bonds as specified in the Supplemental Declaration providing for the issuance of such Existing Senior Lien Bonds. The Department may in the future establish Bond Proceeds Accounts for each Series of Additional Senior Lien Bonds and Subordinate Lien Obligations Proceeds Accounts for each Series of Subordinate Lien Obligations and such other accounts and subaccounts as the Department may determine to be necessary or appropriate in connection with the issuance, security, administration or payment of any Senior Lien Bonds or any Subordinate Lien Obligations.

With respect to any Series of Senior Lien Bonds or Series of Subordinate Lien Obligations, references to the State Highway Fund will mean the Bond Proceeds Account or Subordinate Lien Obligations Proceeds Account created within the State Highway Fund pursuant to the provisions of the Master Declaration described under this heading with respect to such Series of Senior Lien Bonds or such Series of Subordinate Lien Obligations, where applicable.

With respect to the Existing Senior Lien Bonds, the application of the proceeds of the Existing Senior Lien Bonds is set forth in the applicable Supplemental Declarations. The Supplemental Declaration for any future Series of Obligations will set forth the deposits to the Bond Proceeds Account or Subordinate Lien Obligations Proceeds Account, as applicable, and such other deposits and uses of proceeds of the Series of Obligations as necessary or appropriate.

(ii) Debt Service Account. The Department has created and established pursuant to the Master Declaration a Debt Service Account that is held in the custody of the State Treasurer for the purpose of payment of the Senior Lien Bonds. Within the Debt Service Account the Department may establish and maintain a Rebate Account, a Subordinate Lien Obligations Account, a Capitalized Interest Account for each Series of Senior Lien Bonds for which Capitalized Interest has been provided, and such other accounts and subaccounts therein as may be required by the terms of the Master Declaration or any Supplemental Declaration or as the Department may determine to be either necessary or appropriate in connection with the issuance, security, administration or payment of any series of Senior Lien Bonds or Subordinate Lien Obligations.

(1) The Supplemental Declarations for the Existing Senior Lien Bonds created subaccounts (the "Existing Senior Lien Bonds Subaccounts") within the Debt Service Account that are further described in each Supplemental Declaration in connection therewith.

For the benefit of any Series of Additional Senior Lien Bonds, pursuant to the Master Declaration the Department established and created within the Debt Service Account a subaccount designated the Senior Lien Bonds Debt Service Subaccount for the purpose of payment of the Senior Lien Bonds. Pursuant to the Master Declaration and as may be provided for in any Supplemental Declaration, the Department may in the future also create, establish and maintain within the Debt Service Account, the Senior Lien Bonds Debt Service Account or any subaccount created and established therein such other subaccounts as may be required in connection with the issuance of any future Series of Senior Lien Bonds or as the Department may determine to be either necessary or appropriate in connection with the issuance, security, administration or payment of any Series of Senior Lien Bonds, and as otherwise permitted by the Master Declaration.

(2) For the benefit of any Series of Subordinate Lien Obligations, pursuant to the Master Declaration, the Department established and created within the Debt Service Account a subaccount designated the Subordinate Lien Obligations Account for the purpose of payment of the Subordinate Lien Obligations. Pursuant to the Master Declaration and as provided for in any Supplemental Declaration authorizing the issuance of any Subordinate Lien Obligations, the Department may in the future create, establish and maintain such other accounts and subaccounts within the Subordinate Lien Obligations Account, including without limitation a Rebate Subaccount, a Capitalized Interest Subaccount for each Series of Subordinate Lien Obligations for which Capitalized Interest has been provided and such other accounts and subaccounts therein as may be required in connection with the issuance of any Series of Subordinate Lien Obligations or as the Department may determine to be either necessary or appropriate in connection with the issuance, security, administration or payment of any Series of Subordinate Lien Obligations, and as otherwise permitted by the Master Declaration.

(b) *Deposits into State Highway Fund and Accounts*. All Pledged Revenues paid into the State Highway Fund are to be held by the State Treasurer and accounted for by the Department and deposited by the Department into the following subaccounts within the Debt Service Account in the following priority and manner, as soon as practicable in each month, but in any case no later than the last Business Day of such month:

(i) First with respect to the Senior Lien Bonds:

(1) to the applicable Existing Senior Lien Bonds Subaccounts and to the Senior Lien Bonds Debt Service Subaccount, the amount required, if any, so that the balance in said subaccounts will equal the Accrued Aggregate Debt Service as of the last day of such month; provided that for the purposes of computing the amount required to be on deposit in the applicable Existing Senior Lien Bonds Subaccounts or the Senior Lien Bonds Debt Service Subaccount, amounts on deposit in any Capitalized Interest Account designated for such Series of Existing Bonds or such Series of Additional Senior Lien Bonds as available to pay principal or Redemption Price of or interest on such Senior Lien Bonds will be taken into consideration and allowed for;

(2) to each applicable Rebate Account, if any, designated for each Series of Existing Senior Lien Bonds and any Additional Senior Lien Bonds, the amount required, if any; and

(3) to any additional accounts or subaccounts within the Debt Service Account as may be created pursuant to the terms of any Supplemental Declaration executed and delivered in connection with any Series of Senior Lien Bonds.

(ii) Second with respect to the Subordinate Lien Obligations:

(1) to the Subordinate Lien Obligations Account, the amount required, if any, so that the balance in the Subordinate Lien Obligations Account equals the Accrued Aggregate Subordinate Debt Service as of the last day of such month; provided that, for the purposes of computing the amount required to be on deposit in the Subordinate Lien Obligations Account, amounts on deposit in any Capitalized Interest Subaccount designated for such Series of Subordinate Lien Obligations as available to pay principal or Redemption Price of or interest on such Series of Subordinate Lien Obligations will be taken into consideration and allowed for;

(2) to the Rebate Subaccount, if any, designated for any Series of Subordinate Lien Obligations, the amount required, if any; and

(3) to any additional accounts or subaccounts within the Subordinate Lien Obligations Debt Service Account, including but not limited to a reserve account, as may be created pursuant to the terms of the Supplemental Declaration executed and delivered in connection with any Series of Subordinate Lien Obligations.

In the event of a deficiency in the required deposit to any of the funds and accounts as described in the provisions of the Master Declaration summarized under this subsection (b), unless the Department uses lawfully available Pledged Revenues on deposit in the State Highway Fund or other lawfully available moneys to cure such deficiency, all additional Pledged Revenues deposited into the State Highway Fund will be deposited: (i) first to the subaccounts within the Debt Service Account to make up any deficiencies in the funds and accounts designated for the Senior Lien Bonds; and (ii) second to the Subordinate Lien Obligations Account and any subaccounts therein to make up any deficiencies in the funds and accounts designated for the Subordinate Lien Obligations.

All funds on deposit in the Existing Senior Lien Bonds Subaccounts or the Senior Lien Bonds Debt Service Subaccount, except those funds credited to a Rebate Account, may be applied in payment upon the final maturity of all of the Senior Lien Bonds. If any funds remain in the Existing Senior Lien Bonds Subaccounts or the Senior Lien Bonds Debt Service Subaccount upon payment of the final maturity of all of the Senior Lien Bonds, such funds will be transferred to the Subordinate Lien Obligations Account or any account or subaccount created and established pursuant to the Master Declaration for any Credit Facility in connection with any Series of Subordinate Lien Obligations and used in connection therewith; provided, however, if there are no Outstanding Subordinate Lien Obligations, any remaining funds may be held in the State Highway Fund, without restriction of the Master Declaration, and may be used for any lawful purpose.

All funds on deposit in the Subordinate Lien Obligations Account, except those funds credited to a Rebate Subaccount, may be applied in payment upon the final maturity of all of the Subordinate Lien Obligations, subject to the priority of deposit set forth in the Master Declaration as summarized in this subsection (b). If any funds remain in the Subordinate Lien Obligations Account upon payment of the final maturity of all of the Subordinate Lien Obligations, such funds may be deposited in the State Highway Fund and may be used for any lawful purpose.

Pursuant to the terms of the Master Declaration and any Supplemental Declaration, moneys received by the Department in connection with any Liquidity Facility will be deposited in such separate fund or account created and designated in connection with the Series of Senior Lien Bonds or the Series of Subordinate Lien Obligations for which the Liquidity Facility is provided. Such separate fund or account will not be included in the Trust Estate or the Subordinate Security and any moneys deposited in such fund or account will be held without investment or commingling.

(c) *Use of Debt Service Account*. Funds deposited into the subaccounts within the Debt Service Account established pursuant to the provisions of the Master Declaration summarized under subsection (a)(ii)(1) under this heading and designated for any Series of Senior Lien Bonds will be used by the Department for the payment of Senior Lien Bonds as follows:

(i) Moneys in the Existing Senior Lien Bonds Subaccounts and the Senior Lien Bonds Debt Service Subaccount within the Debt Service Account are to be used to pay principal of (whether at maturity or mandatory sinking fund redemption) premium, if any, and interest on the Existing Senior Lien Bonds and any Additional Senior Lien Bonds that are Outstanding.

(ii) Moneys in the Capitalized Interest Account, if any, created within the Debt Service Account are to be used for the payment of a portion of the interest on such Series of Senior Lien Bonds for which such Capitalized Interest Account is designated.

(iii) Moneys in the Rebate Account, if any, created within the Debt Service Account designated for any Series of Senior Lien Bonds are to be used for payments, if any, which are required to be paid under Section 148(f) of the Code in connection with such Series of Senior Lien Bonds for which such Rebate Account is designated.

(iv) Moneys in any other account or subaccount created within the Debt Service Account are to be used as provided in the Master Declaration or in any Supplemental Declaration in connection with a Series of Senior Lien Bonds pursuant to which such account or subaccount is created.

(d) *Use of Subordinate Lien Obligations Account*. Funds deposited into the subaccount within the Debt Service Account established pursuant to the provisions of the Master Declaration summarized under subsection (a)(ii)(2) under this heading and designated as the Subordinate Lien Obligations Account will be used by the Department for the payment of Subordinate Lien Obligations as follows:

(i) Moneys in the Subordinate Lien Obligations Account are to be used to pay principal of (whether at maturity or mandatory sinking fund redemption) premium, if any, and interest on any Subordinate Lien Obligations that are Outstanding.

(ii) Moneys in the Capitalized Interest Subaccount, if any, created within the Subordinate Lien Obligations Account are to be used for the payment of a portion of the interest on such Series of Subordinate Lien Obligations for which such Capitalized Interest Subaccount is designated.

(iii) Moneys in the Rebate Subaccount, if any, created within the Subordinate Lien Obligations Account are to be used for payments, if any, that are required to be paid under Section 148(f) of the Code in connection with such Series of Subordinate Lien Obligations for which such Rebate Subaccount is designated.

(iv) Moneys in any other account or subaccount created within the Subordinate Lien Obligations Account are to be used as provided in the Master Declaration or in any Supplemental Declaration in connection with such Series of Subordinate Lien Obligations pursuant to which such account or subaccount is created.

Issuance of Additional Senior Lien Bonds

In the Master Declaration, the Department reserves the authority and right so long as any of the Senior Lien Bonds remain outstanding and all of the payments of principal and interest on the then Outstanding Senior Lien Bonds are current and all requirements of the Master Declaration have been met, to issue Additional Senior Lien Bonds pursuant to a Supplemental Declaration for the purpose of building or maintaining permanent public roads or for any other lawful purpose, but only if the following conditions are met:

(a) The Director certifies that the moneys subject to pledge as Pledged Revenues for the payment of the Senior Lien Bonds for any 12 consecutive months of the preceding 18-month period, equal at least three times Maximum Annual Debt Service on all Outstanding Senior Lien Bonds and on the Additional Senior Lien Bonds to be issued with the Additional Senior Lien Bonds to be treated as Outstanding; or

(b) If the Department issues Additional Senior Lien Bonds based on Pledged Revenues and Additional Pledged Revenues, the Director certifies that the amount of Pledged Revenues and any Additional Pledged Revenues for the first full Fiscal Year immediately following the issuance of Additional Senior Lien Bonds are projected to be not less than three times the Maximum Annual Debt Service on all Outstanding Senior Lien Bonds and on the Additional Senior Lien Bonds to be issued with such Additional Senior Lien Bonds to be treated as Outstanding; or

(c) If the Department issues Additional Senior Lien Bonds based on Pledged Revenues and New Pledged Revenues, the Director certifies that the amount of Pledged Revenues and any New Pledged Revenues for the first full Fiscal Year immediately following the issuance of Additional Senior Lien Bonds are projected to be not less than three times the Maximum Annual Debt Service on all Outstanding Senior Lien Bonds and on the Additional Senior Lien Bonds to be issued with such Additional Senior Lien Bonds to be treated as Outstanding. The State will be required to obtain a certificate or letter from each Rating Agency which is then rating the Senior Lien Bonds, stating that the issuance of such Additional Senior Lien Bonds will not adversely affect its rating on the Outstanding Senior Lien Bonds.

(d) If the Department issues Additional Senior Lien Bonds based on Pledged Revenues, Additional Pledged Revenues and New Pledged Revenues, the Director certifies that the amount of Pledged Revenues, any Additional Pledged Revenues and any New Pledged Revenues for the first full Fiscal Year immediately following the issuance of Additional Senior Lien Bonds are projected to be not less than three times Maximum Annual Debt Service on all Outstanding Senior Lien Bonds and on the Additional Senior Lien Bonds to be issued with such Additional Senior Lien Bonds to be treated as Outstanding. The State will be required to obtain a certificate or letter from each Rating Agency which is then rating the Senior Lien Bonds, stating that the issuance of such Additional Senior Lien Bonds will not adversely affect its rating on the Outstanding Senior Lien Bonds.

(e) Pursuant to the provisions of the Master Declaration summarized under subsection (l) under the heading "Security" in this Appendix D, if a Supplemental Resolution authorizes any Series of Additional Senior Lien Bonds under the provisions of the Master Declaration summarized under subsection (c) or (d) of this heading, the Department will expressly pledge as Pledged Revenues any New Pledged Revenues included in the calculations for the issuance of Additional Senior Lien Bonds.

Nothing contained in the Master Declaration will prohibit or prevent, or be deemed or construed to prohibit or prevent, the State from authorizing and issuing Subordinate Lien Obligations or other bonds, notes, certificates, warrants or other evidences of indebtedness for any lawful purpose relating to the Department or for securing such bonds, notes, certificates, warrants or other evidences of indebtedness and the payment thereof by a lien and pledge on the Pledged Revenues, Additional Pledged Revenues, or New Pledged Revenues junior and inferior to the lien and pledge on the Pledged Revenues, Additional Pledged Revenues or New Pledged Revenues created in the Master Declaration for the payment and security of the Senior Lien Bonds.

Issuance of Additional Subordinate Lien Obligations

The Department reserves the authority and right to issue Additional Subordinate Lien Obligations pursuant to a Supplemental Declaration for the purpose of building or maintaining permanent public roads or for any other lawful purpose, but only if all requirements of the Master Declaration, including the following conditions are met; provided that for purposes of the provisions of the Master Declaration described under this heading, Subordinate Lien Subsidy Payments will be excluded from "Pledged Revenues" "Additional Pledged Revenues" and "New Pledged Revenues":

(a) The Director certifies that the moneys subject to pledge as Pledged Revenues for any 12 consecutive months of the preceding 18-month period, equal at least two times the Maximum Annual Aggregate Debt Service, which includes without limitation debt service on all Outstanding Senior Lien Bonds, the Additional Senior Lien Bonds, if any, to be issued simultaneously with the Additional Subordinate Lien Obligations, with such Additional Senior Lien Bonds to be treated as Outstanding, all Outstanding Subordinate Lien Obligations and the Additional Subordinate Lien Obligations to be issued with such Additional Subordinate Lien Obligations to be treated as Outstanding; or

(b) If the Department issues Subordinate Lien Obligations based on Pledged Revenues and Additional Pledged Revenues, the Director certifies that the amount of Pledged Revenues and any Additional Pledged Revenues for the first full Fiscal Year immediately following the issuance of Additional Subordinate Lien Obligations are projected to be not less than two times the Maximum Annual Aggregate Debt Service, which includes without limitation debt service on all Outstanding Senior Lien Bonds, the Additional Senior Lien Bonds, if any, to be issued simultaneously with the Additional

Subordinate Lien Obligations, with such Additional Senior Lien Bonds to be treated as Outstanding, all Outstanding Subordinate Lien Obligations and the Additional Subordinate Lien Obligations to be issued with such Additional Subordinate Lien Obligations to be treated as Outstanding; or

(c) If the Department issues Subordinate Lien Obligations based on Pledged Revenues and New Pledged Revenues, the Director certifies that the amount of Pledged Revenues and any New Pledged Revenues for the first full Fiscal Year immediately following the issuance of Additional Subordinate Lien Obligations are projected to be not less than two times the Maximum Annual Aggregate Debt Service, which includes without limitation debt service on all Outstanding Senior Lien Bonds, the Additional Senior Lien Bonds, if any, to be issued simultaneously with the Additional Subordinate Lien Obligations, with such Additional Senior Lien Bonds to be treated as Outstanding, all Outstanding Subordinate Lien Obligations and the Additional Subordinate Lien Obligations to be issued with such Additional Subordinate Lien Obligations to be treated as Outstanding. The State will be required to obtain a certificate or letter from each Rating Agency that is then rating the Senior Lien Bonds or the Subordinate Lien Obligations, if any, stating that the issuance of such Additional Subordinate Lien Obligations will not adversely affect its rating, if any, on the Outstanding Senior Lien Bonds and the Outstanding Subordinate Lien Obligations; or

(d) If the Department issues Subordinate Lien Obligations based on Pledged Revenues, Additional Pledged Revenues and New Pledged Revenues, the Director certifies that the amount of Pledged Revenues, any Additional Pledged Revenues and any New Pledged Revenues for the first full Fiscal Year immediately following the issuance of Additional Subordinate Lien Obligations are projected to be not less than two times the Maximum Annual Aggregate Debt Service, which includes without limitation debt service on all Outstanding Senior Lien Bonds, the Additional Senior Lien Bonds, if any, to be issued simultaneously with the Additional Subordinate Lien Obligations, with such Additional Senior Lien Bonds to be treated as Outstanding, all Outstanding Subordinate Lien Obligations and the Additional Subordinate Lien Obligations to be issued with the Additional Subordinate Lien Obligations to be treated as Outstanding. The State will be required to obtain a certificate or letter from each Rating Agency that is then rating the Senior Lien Bonds or the Subordinate Lien Obligations, if any, stating that the issuance of such Additional Subordinate Lien Obligations will not adversely affect its rating, if any, on the Outstanding Senior Lien Bonds and the Outstanding Subordinate Lien Obligations.

(e) Pursuant to the provisions of the Master Declaration summarized under subsection (l) under the heading "Security" in this Appendix D, if a Supplemental Resolution authorizes any Series of Subordinate Lien Obligations under the provisions of the Master Declaration summarized under subsection (c) or (d) of this heading, the Department will expressly pledge to the payment of such Subordinate Lien Obligations as Pledged Revenues any New Pledged Revenues included in the calculations for the issuance of such Additional Subordinate Lien Obligations.

Nothing contained in the Master Declaration will prohibit or prevent, or be deemed or construed to prohibit or prevent, the State from authorizing and issuing Second Subordinate Lien Obligations or other bonds, notes, certificates, warrants or other evidences of indebtedness for any lawful purpose relating to the Department or for securing such bonds, notes, certificates, warrants or other evidences of indebtedness and the payment thereof by a lien and pledge on the Pledged Revenues, Additional Pledged Revenues, or New Pledged Revenues junior and inferior to the lien and pledge on the Pledged Revenues, Additional Pledged Revenues, or New Pledged Revenues created under the Master Declaration for the payment and security of the Senior Lien Bonds and the payment and security of Subordinate Lien Obligations.

Refunding Obligations

(a) *Refunding Bonds*. The Department may issue refunding Senior Lien Bonds as Additional Senior Lien Bonds to refund Outstanding Senior Lien Bonds without complying with the provisions of the Master Declaration summarized under the heading "Issuance of Additional Senior Lien Bonds" in this Appendix D, if the refunded Senior Lien Bonds are paid or defeased on the date of delivery of the refunding Additional Senior Lien Bonds and if the Annual Debt Service on the refunding Additional Senior Lien Bonds does not exceed the Annual Debt Service on the refunded Senior Lien Bonds in any Fiscal Year by more than $5,000. In addition, Additional Senior Lien Bonds may be issued to refund Interim Obligations that are Senior Lien Bonds without complying with the provisions of the Master Declaration summarized under the heading "Issuance of Additional Senior Lien Bonds" in this Appendix D if the refunded Interim Obligations are defeased on the date of delivery of the refunding and the refunding Additional Senior Lien Bonds bear interest at fixed rates, have approximately level annual debt service, and mature serially over at least twenty-five years.

(b) *Refunding Subordinate Lien Obligations*. The Department may issue refunding Subordinate Lien Obligations as Additional Subordinate Lien Obligations without complying with the provisions of the Master Declaration summarized under the heading "Issuance of Additional Subordinate Lien Bonds" in this Appendix D, if the refunded Subordinate Lien Obligations are paid or defeased on the date of delivery of the refunding Additional Subordinate Lien Obligations and if the Annual Subordinate Debt Service on the refunding Additional Subordinate Lien Obligations does not exceed the Annual Subordinate Debt Service on the refunded Subordinate Lien Obligations in any Fiscal Year by more than $5,000. In addition, Additional Subordinate Lien Obligations may be issued to refund Interim Subordinate Lien Obligations without complying with the provisions of the Master Declaration summarized under the heading "Issuance of Additional Subordinate Lien Bonds" in this Appendix D if the refunded Interim Subordinate Lien Obligations are paid or defeased on the date of delivery of the refunding and the refunding Additional Subordinate Lien Obligations bear interest at fixed rates, have approximately level annual debt service, and mature serially over at least twenty-five years.

Indebtedness Limitations and Defeasance

(a) In computing indebtedness for the purpose of any constitutional or statutory debt limit, there will be deducted:

> (i) from the amount of Outstanding Senior Lien Bonds the amounts of money and investments credited to or on deposit in the Debt Service Account or in any amount created pursuant to the Master Declaration for retirement of any Senior Lien Bonds or for the defeasance of the Senior Lien Bonds; or
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> (ii) from the amount of Outstanding Subordinate Lien Obligations the amounts of money and investments credited to or on deposit in the Subordinate Lien Obligations Account of the Debt Service Account or in any amount created pursuant to the Master Declaration for retirement of any Subordinate Lien Obligations or for the defeasance of the Subordinate Lien Obligations.

(b) If the State pays or causes to be paid to the Owners of all Obligations then Outstanding, the Principal Installments and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Master Declaration, then, at the option of the State, expressed in a certificate of an Authorized Representative of the Director and delivered to the Bond Registrar, the covenants, agreements and other obligations of the State to the Owners will be discharged and satisfied and such Owners will cease to be entitled to any lien, benefit or security under the Master Declaration.

(c) Obligations or any portion thereof for the payment or redemption of which moneys have been set aside and held in trust by the Bond Registrar (through deposit by the State of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof will be deemed to have been paid within the meaning and with the effect expressed in the provisions of the Master Declaration summarized under subsection (b) under this heading, provided the requirements of the provisions of the Master Declaration summarized under this subsection (c) are met, and provided that the Bond Registrar receives an Opinion of Bond Counsel to the effect that such payment or redemption will not adversely affect the exclusion of the interest on such Obligations (if issued on a tax-exempt basis) from gross income for purposes of federal income taxation and that such payment or redemption otherwise complies with the provisions under this heading or is permitted by the provisions of the Master Declaration. Any Outstanding Obligations or any portion thereof prior to the maturity or redemption date thereof, will be deemed to have been paid within the meaning and with the effect expressed in subsection (b) under this heading either (A) as provided in the Supplemental Declaration authorizing their issuance or (B) if (i) any of said Obligations are to be redeemed on any date prior to their maturity, the State has given to the Bond Registrar irrevocable instructions accepted in writing by the Bond Registrar to mail as provided in the Master Declaration notice of redemption of such Obligations (other than Obligations that have been purchased by the State as thereinafter provided prior to the mailing of such notice of redemption) on said date, (ii) there have been deposited with the Bond Registrar either moneys in an amount that will be sufficient, or Defeasance Obligations the principal installments of and/or the interest on which when due, without reinvestment, will provide moneys which, together with the moneys, if any deposited with the Bond Registrar at the same time, will be sufficient, to pay when due the Principal Installments or Redemption Price, if applicable, and interest due and to become due on said Obligations or portion thereof on or prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Obligations are not to be redeemed within the next succeeding 60 days, the State has given the Bond Registrar in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners that the deposit required by subsection (c)(B)(ii) above has been made with the Bond Registrar and that said Obligations or portion thereof (as the same thereafter may change) are deemed to have been paid in accordance with the provisions of under this heading and stating such maturity or redemption date (as the same thereafter may change) upon which moneys are to be available for the payment of the Principal Installments or Redemption Price, if applicable, on said Obligations or portion thereof (other than Obligations that have been purchased by the Bond Registrar at the direction of the State as thereinafter provided prior to the publication of the notice of redemption referred to in subsection (c)(B)(i) above). The Bond Registrar also will mail, as soon as practicable, a notice to the Owners of any Obligations affected by any change contemplated by subsection (c)(B)(iii) above, describing such change as required hereby or any applicable Supplemental Declaration. The Bond Registrar will, as and to the extent necessary, apply moneys held by it pursuant to the provisions under this heading to the retirement of said Obligations (or portions thereof) in amounts equal to the unsatisfied balances of any Sinking Fund Installments with respect to such Obligations (or portions thereof), all in the manner provided in the Master Declaration.

(d) The Bond Registrar will, if so directed by the State (x) prior to the maturity date of Obligations (or portions thereof) deemed to have been paid in accordance with the provisions under this heading which are not to be redeemed prior to their maturity date or (y) prior to the mailing of the notice of redemption referred to in subsection (c)(B)(i) above with respect to any Obligations deemed to have been paid in accordance with the provisions under this heading which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Bond Registrar in respect of such Obligations and redeem or sell Defeasance Obligations so deposited with the Bond Registrar and apply the proceeds thereof to the purchase of such Obligations and the Bond Registrar will immediately thereafter cancel all such Obligations so purchased; provided, however, that the Bond Registrar will receive a certificate or report of a certified public accounting firm showing that the moneys and Defeasance Obligations remaining on deposit with the Bond Registrar after the purchase and cancellation of such Obligations will be sufficient to pay when due the Principal Installment or Redemption Price, if applicable, and interest due or to become due on all Obligations, in respect of which such moneys and Defeasance Obligations are being held by the Bond Registrar on or prior to the redemption date or maturity date thereof, as the case may be, and an Opinion of Bond Counsel to the effect that such redemption or sale of such Defeasance Obligations will not adversely affect the exclusion of the interest on such Obligations (if issued on a tax-exempt basis) from gross income for purposes of federal income taxation and that such redemption or sale otherwise complies with or is permitted by the provisions of the Master Declaration. The directions given by the State to the Bond Registrar referred to in the preceding sentence will also specify the portion, if any, of such Obligations so purchased and canceled to be applied against the obligation of the Bond Registrar to pay Obligations deemed paid in accordance with the provisions under this heading upon their maturity date or dates and the portion, if any, of such Obligations so deemed paid in accordance with the provisions under this heading on any date or dates prior to their maturity. In the event that on any date as a result of any purchases and cancellations of Obligations as provided the provisions under this heading the total amount of moneys and Defeasance Obligations remaining on deposit with the Bond Registrar under the provisions under this heading is in excess of the total amount which would have been required to be deposited with the Bond Registrar on such date in respect of the remaining Obligations in order to satisfy subsection (c)(B)(ii) above the Bond Registrar will, if requested by the State, pay the amount of such excess to the State free and clear of any lien or pledge securing said Obligations or otherwise existing under the Master Declaration. Neither Defeasance Obligations nor moneys deposited with the Bond Registrar pursuant to the provisions under this heading nor principal or interest payments on any such Defeasance Obligations will be withdrawn or used for any purpose other than, and will be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Obligations; provided, however, that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Bond Registrar, (A) to the extent such cash will not be required at any time for such purpose, will be paid over to the Department as received by the Bond Registrar, free and clear of any trust, lien or pledge securing said Obligations or otherwise existing under the Master Declaration, and (B) to the extent such cash will be required for such purpose at a later date, will, to the extent practicable, be reinvested at the written direction of the Director in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Obligations on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments will be paid over to the Department, as received by the Bond Registrar, free and clear of any lien or pledge securing said Obligations or otherwise existing under the Master Declaration.

(e) If the Obligations are Variable Rate Senior Lien Bonds or Variable Rate Subordinate Lien Obligations, the moneys or Defeasance Obligations deposited with the Bond Registrar pursuant the provisions under this heading must be in an amount sufficient to cover all future Principal Installments or Redemption Price, if applicable, and interest due and to become due on said Obligations or portion thereof on or prior to the redemption date or maturity date thereof, as the case may be, assuming the Maximum Interest Rate allowable on the Obligations as provided in the Supplemental Declaration authorizing the issuance of such Obligations. Further, if the Obligations to be defeased are Variable Rate Senior Lien Bonds or Variable Rate Subordinate Lien Obligations, the redemption or purchase of the Obligations will occur upon the first tender or redemption date after the deposit of moneys or Defeasance Obligations with Bond Registrar pursuant to the provisions of this heading, whichever is earlier, for such Obligations as provided in the Supplemental Declaration authorizing the issuance of such Obligations.

Amendments and Consent of Owners

(a) The Master Declaration may be amended by one or more Supplemental Declarations without the consent of any Owners for any one or more of the following purposes:

(i) To cure any ambiguity or formal defect or omission in the Master Declaration or any Supplemental Declaration; or

(ii) To add to the covenants and agreements of the Department or the State in the Master Declaration, other covenants and agreements to be observed by the Department or the State which are not contrary to or inconsistent with the Master Declaration or any Supplemental Declaration as theretofore in effect; or

(iii) To add to the limitations and restrictions in the Master Declaration, other limitations and restrictions to be observed by the Department or the State which are not contrary to or inconsistent with the Master Declaration or any Supplemental Declaration as theretofore in effect; or

(iv) With the prior Opinion of Bond Counsel that to do so will not adversely affect the prior status of any Obligations intended to be, and which still are, Tax-Exempt Obligations, to authorize, in compliance with all applicable law, Obligations of any Series to be issued in the form of coupon Obligations registrable as to principal only and, in connection therewith, specify and determine the matters and things relative to the issuance of such coupon Obligations, including provisions relating to the timing and manner of provision of any notice required to be given under the Master Declaration to the Owners of such coupon Obligations, which are not contrary to or inconsistent with the applicable provisions of the Master Declaration or any Supplemental Declaration as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such coupon Obligations; or

(v) To modify, amend or supplement the Master Declaration or any Supplemental Declaration in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute thereafter in effect or to permit the qualification of any Obligations for sale under the securities laws of any of the states of the United States of America; or

(vi) To add additional security subject to the pledge and lien of the Master Declaration or any Supplemental Declaration; or

(vii) To provide any of the Tax Covenants not provided by the Master Declaration or to modify in any respect any Tax Covenant so as to conform to the then applicable requirements of the Code or to delete or restrict the applicability of any Tax Covenant which, under the Code as then in effect, and in the Opinion of Bond Counsel, is no longer applicable to all or any Obligations issued or to be issued under the Master Declaration; or

(viii) To surrender any right, power or privilege reserved to or conferred upon the Department by the terms of the Master Declaration or any Supplemental Declaration, but only if the surrender of such right, power or privilege is not materially contrary to or materially inconsistent with the applicable covenants and agreement of the Department contained in the Master Declaration or any Supplemental Declaration; or

(ix) To confirm, as further assurance, any security interest or pledge created under the Master Declaration or any Supplemental Declaration; or

(x) To comply with such regulations and procedures as are from time to time in effect relating to establishing and maintaining a Book-Entry-Only System; or

(xi) To insert such provisions clarifying matters or questions arising under the Master Declaration or any Supplemental Declaration as are necessary or desirable and are not contrary to or inconsistent with the applicable provisions of the Master Declaration or any Supplemental Declaration as theretofore in effect; or

(xii) To modify any of the provisions of the Master Declaration or any Supplemental Declaration in any other respect whatever, provided that:

> (1) no Obligations affected by such modification will be Outstanding at the date of the adoption of such Supplemental Declaration; or
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> (2) such modification will be, and be expressed to be, effective only after all affected Outstanding Obligations at the date of the adoption of such Supplemental Declaration will cease to be Outstanding Obligations, and such Supplemental Declaration will be specifically referred to in the text of all Obligations authenticated and delivered after the date of the adoption of such Supplemental Declaration and of Obligations issued in exchange therefor or in place thereof; or
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> (3) such modification does not materially and adversely affect the rights of the Owners of any Outstanding Obligations as determined by the Department in its reasonable judgment; or

(xiii) To make any change required by a Rating Agency as precondition to the issuance of a rating on any Series of Obligations which is not to the material prejudice of the Owners of the Obligations of any other Series as determined by the Department in its reasonable judgment; or

(xiv) So long as a Credit Facility is in full force and effect with respect to any Obligations affected by such Supplemental Declaration, to make any other change that is consented to in writing by the issuer of such Credit Facility other than any change which:

> (1) would result in a downgrading or withdrawal of the rating then assigned to the affected Obligations by the Rating Agencies; or
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> (2) changes the maturity (except as permitted in the Master Declaration), the Interest Payment Dates, interest rates, redemption and purchase provisions, and provisions regarding notices of redemption and purchase applicable to the affected Obligations or diminishes the security afforded by such Credit Facility; or
>
> (3) materially and adversely affects the rights and security afforded to the Owners of any Outstanding Obligations not secured by such Credit Facility as determined in the reasonable judgment of the Department; or

(xv) To incorporate into the Master Declaration or any Supplemental Declaration any financing powers hereafter granted to or conferred upon the Department by law; or

(xvi) To enter into any Financial Contract permitted by the laws applicable to the Department and the Master Declaration, and to specify and determine the matters and things thought necessary or desirable in connection with the entering of such Financial Contract as are not contrary to or inconsistent with the provisions of the Master Declaration with respect to Financial Contracts as theretofore in effect.

(b) The Master Declaration may be amended for any other purpose only upon consent of Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Senior Lien Bonds Outstanding; provided, however, that no amendment will be valid without the consent of Bondowners of 100 percent (100%) of the aggregate principal amount of the Senior Lien Bonds Outstanding which:

(i) Extends the maturity of any Senior Lien Bonds, reduces the rate of interest upon any Senior Lien Bond (other than as permitted by a Supplemental Declaration), extends the time of payment or interest on any Senior Lien Bonds, reduces the amount of principal payable on any Senior Lien Bond, or reduces any premium payable on any Senior Lien Bond, without the consent of the affected Bondowner; or

(ii) Reduces the percent of Bondowners required to approve amendatory Supplemental Declarations.

(c) The Master Declaration may be amended for any other purpose with respect to the Subordinate Lien Obligations, if such amendment solely and exclusively relates to the issuance, security, terms, administration or payment of any Subordinate Lien Obligations and in no way amends the terms of the Master Declaration with respect to the Senior Lien Bonds, upon consent of Owners of not less than a majority in aggregate principal amount of the Subordinate Lien Obligations Outstanding; provided, however, that no amendment will be valid without the consent of Owners of 100 percent (100%) of the aggregate principal amount of the Subordinate Lien Obligations Outstanding which:

(i) Extends the maturity of any Subordinate Lien Obligations, reduces the rate of interest upon any Subordinate Lien Obligation (other than as permitted by a Supplemental Declaration), extends the time of payment or interest on any Subordinate Lien Obligations, reduces the amount of principal payable on any Subordinate Obligation, or reduces any premium payable on any Subordinate Lien Obligations, without the consent of the affected Owner; or

(ii) Reduces the percent of Owners required to approve amendatory Supplemental Declarations.

(d) Except as otherwise expressly provided in a Supplemental Declaration, as long as a Credit Facility securing all or a portion of any Outstanding Obligations is in effect, the issuer of such Credit Facility will be deemed to be the Owner of the Obligations secured by such Credit Facility:

(i) At all times for the purpose of the execution and delivery of a Supplemental Declaration or of any amendment, change or modification of the Master Declaration or the initiation by Owners of any action which under the Master Declaration requires the written approval or consent of or can be initiated by the Owners of at least a majority in principal amount of the affected Obligations at the time Outstanding; and following an event of default for all other purposes.

(ii) Notwithstanding the foregoing, the issuer of such Credit Facility will not be deemed to be an Owner secured thereby with respect to any such Supplemental Declaration or of any amendment, change or modification of the Master Declaration which:

(1) would result in a downgrading or withdrawal of the rating then assigned to the affected Obligations by the Rating Agencies; or

(2) changes the maturity (except as expressly permitted herein), the Interest Payment Dates, interest rates, redemption and purchase provisions, and provisions regarding notices of redemption and purchase applicable to the affected Obligations or diminishes the security afforded by such Credit Facility; or

(3) reduces the percentage or otherwise affects the classes of affected Obligations, the consent of the Owners of which is required to effect any such modification or amendment;

(iii) In addition and notwithstanding the foregoing, the issuer of a Credit Facility given as security for any Obligations will not be entitled to exercise any rights under the provisions of this heading during any period in which:

(1) the Credit Agreement or Credit Facility to which such Credit Provider is a party is not in full force and effect;

(2) such Credit Provider has filed a petition or otherwise sought relief under any federal or state bankruptcy or similar law;

(3) such Credit Provider has, for any reason, failed or refused to honor a proper demand for payment under such Credit Facility; or

(4) an order or decree has been entered, with the consent or acquiescence of such Credit Provider, appointing a receiver or receivers or the assets of the Credit Provider, or if such order or decree has been entered without the consent or acquiescence of such Credit Provider, has not been vacated or discharged or stayed within ninety (90) days after the entry thereof.

(e) For purposes of determining the percentage of Owners consenting to, waiving or otherwise acting with respect to any matter that may arise under the Master Declaration, the Owners of Obligations which constitute Capital Appreciation Obligations will be treated as Owners of Senior Lien Bonds or Subordinate Lien Obligations in an aggregate principal amount equal to the Accreted Value of such Obligations as of the date the Bond Registrar sends out notice of requesting consent, waiver or other action as provided in the Master Declaration.

Any act pursuant to this modification or amendment so consented to by the majority of Registered Owners will be binding upon the Registered Owners of all of the Obligations and will not be deemed an infringement of any of the provisions of the Master Declaration, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of the Master Declaration. After such consent relating to such specified matters has been given, no Registered Owner of an Obligation will have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the State, the State Treasurer, the Department, the Commission or the Director from taking any action pursuant thereto.

If the Department desires to obtain any such consent, it will cause the Paying Agent and Bond Registrar to mail a notice, postage prepaid, to the Registered Owners of the Obligations at the addresses appearing on the registration books and to the Beneficial Owners, to the extent the addresses of such Beneficial Owners are provided.

Such notice will briefly set forth the nature of the proposed amendment or modification and will state that a copy thereof is on file at the office of the Department for inspection by all Registered Owners of the Obligations. The Paying Agent and Bond Registrar will not be subject to any liability to any Registered Owner of the Obligations by reason of the failure to mail the notice required and any such failure will not affect the validity of such change or modification when consented to and approved as provided under this heading. Whenever at any time within six months after the date of mailing of such notice, the Department will receive an instrument or instruments purporting to be executed by the Registered Owner of not less than a majority in aggregate principal amount of the Obligations then Outstanding, which instrument or instruments refers to the proposed amendment or modification to the Master Declaration as described in such notice, and specifically consents to, and approves of, the adoption thereof in substantially the form of a copy thereof referred to in such notice as on file with the Director of the Department, thereupon, the State may adopt such modification or amendment in substantially such form, without liability or responsibility to any Registered Owner of any Obligations, whether or not such Registered Owner will have consented thereto.

Upon adoption of any modification of the Master Declaration pursuant to the provisions of the Master Declaration summarized under this heading, the Master Declaration will be, and be deemed to be, modified and amended in accordance therewith.

Financial Contracts

The Department, with the approval of the State Treasurer, or the State Treasurer may enter into Financial Contracts on a parity with the Senior Lien Bonds or on parity with the Subordinate Lien Obligations subject to the provisions of the Master Declaration summarized under this heading.

The following will be conditions precedent to the use of any Financial Contract on a parity with the Senior Lien Bonds or on a parity with the Subordinate Lien Obligations under the Master Declaration:

(i) Opinion of Bond Counsel. The Department will obtain an opinion of Bond Counsel on the due authorization and execution of such Financial Contract, the validity and enforceability thereof and opining that the action proposed to be taken is authorized or permitted by the Master Declaration or the applicable provisions of any Supplemental Declaration and will not adversely affect the excludability for federal income tax purposes of the interest on any outstanding Tax-Exempt Obligations.

(ii) Termination Payments. Any termination payments in connection with a Financial Contract entered on a parity with the Senior Lien Bonds or on a parity with the Subordinate Lien Obligations will be payable as Second Subordinate Lien Obligations and will not be payable on parity with the Senior Lien Bonds or on a parity with the Subordinate Lien Obligations.

(iii) Supplemental Declaration to Govern Financial Contracts. Prior to entering into a Financial Contract, the State will execute and deliver a Supplemental Declaration, which:

(1) creates and establishes a Financial Contract account or provides for some other way to account for the use of a Financial Contract within the Debt Service Account

with respect to Senior Lien Bonds or within the Subordinate Lien Obligations Account with respect to Subordinate Lien Obligations;

(2) establishes general provisions for the retention of Pledged Revenues in amounts sufficient to make, when due, the payments under the Financial Contract; and

(3) sets forth such other matters as the Department deems necessary or desirable in connection with the management of Financial Contracts as are not clearly inconsistent with the provisions of the Master Declaration or any Supplemental Declaration.

Except as may be otherwise provided in the Supplemental Declaration establishing the Financial Contract Account, additional Supplemental Declarations may be delivered pursuant to the provisions under this heading in connection with any Financial Contract. Except as otherwise provided under this heading with respect to termination payments, Financial Contract Payments under Financial Contracts may be on parity with the Senior Lien Bonds or on parity with the Subordinate Lien Obligations as designated in a Supplemental Declaration.

No Acceleration

The Obligations are not subject to acceleration under any circumstances or for any reason. Notwithstanding the provisions of the Master Declaration summarized in the preceding sentence, nothing in the Master Declaration or any Supplemental Declaration will prohibit the Department from including in the Master Declaration or any Supplemental Declaration provisions for mandatory tender of any Series of Obligations at the direction of the Department, a Credit Provider or a Liquidity Provider.

NINETEENTH SUPPLEMENTAL DECLARATION

The following is a summary of certain provisions of the Nineteenth Supplemental Declaration. This summary of the Nineteenth Supplemental Declaration does not purport to be complete or definitive and reference is made to the Nineteenth Supplemental Declaration for the complete terms thereof.

General

The Nineteenth Supplemental Declaration authorizes the issuance of the 2020 Bonds and sets forth the terms and conditions governing the issuance of the 2020 Bonds.

Security for the 2020 Bonds

The 2020A Bonds are secured by the Department's pledge of the Subordinate Security, as described in the Master Declaration, on a parity with the Outstanding Subordinate Lien Obligations and any Additional Subordinate Lien Obligations issued pursuant to the Master Declaration. The 2020B Bonds are secured by the Department's pledge of the Trust Estate, as described in the Master Declaration, on a parity with the Outstanding Senior Lien Bonds and any Additional Senior Lien Bonds issued pursuant to the Master Declaration.

Rebate Account, Deposit and Disbursements

Rebate Account. The Department may establish, designate appropriately and maintain, so long as any 2020A Bonds are Outstanding and are subject to a requirement that arbitrage profits be rebated to the United States, a separate 2020A Bonds Rebate Account (the "Rebate Account") within the Debt Service

Account. The Department will make deposits as required by law from the Rebate Account. Any balance remaining in the Rebate Account after the Bond Declaration and such rebate obligation are discharged will be distributed to the Department.

Rebate Disbursements. Not later than sixty days after a Computation Date (as defined in the Tax Certificate), and every five years thereafter, the Department will pay to the United States ninety percent of the amount required to be on deposit in the Rebate Account. Not later than sixty days after the final retirement of the 2020A Bonds, the Department will direct the Paying Agent to pay to the United States one hundred percent of the balance remaining in the Rebate Account.

Moneys to be Held in Trust

All moneys required to be deposited with or paid to the Paying Agent for the account of any fund or account established under any provision of the Bond Declaration will be held by the Paying Agent in trust and applied in accordance with the provisions of the Bond Declaration and, except for moneys deposited with or paid to the Paying Agent for the redemption of the 2020 Bonds, notice of the redemption of which has been duly given and, except for moneys held in the Rebate Account, if any, will, while held by the Paying Agent, constitute part of the Subordinate Security for the 2020A Bonds and the Trust Estate for the 2020B Bonds, are subject to the security interest created in the Nineteenth Supplemental Declaration and by the Bond Declaration and will not be subject to any lien or attachment by any creditor of the Department.

Application of Provisions of the Master Declaration

All of the provisions of the Master Declaration to the extent not inconsistent with the Nineteenth Supplemental Declaration are incorporated in the Nineteenth Supplemental Declaration and made a part thereof. Notwithstanding any provision of the Nineteenth Supplemental Declaration, all of the provisions of the Master Declaration remain in effect and are enforceable by the Paying Agent and the holders of any Obligations issued under the Master Declaration as provided by the terms thereof. To the extent not otherwise expressly provided in the Nineteenth Supplemental Declaration, the 2020 Bonds will be of such terms, conditions and provisions, will be issued upon and subject to such terms and conditions, and will be entitled to such rights and benefits, all as provided by the applicable terms, conditions and provisions of the Master Declaration.

APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

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September __, 2020

State Treasurer of the State of Oregon
Oregon Department of Transportation
Salem, Oregon

State of Oregon
Department of Transportation

Highway User Tax Revenue Subordinate Lien Bonds Series 2020A (Tax-Exempt)	Highway User Tax Revenue Senior Lien Refunding Bonds Series 2020B (Federally Taxable)

(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the State of Oregon (the "State"), acting by and through the State Treasurer (the "State Treasurer"), at the request of the Oregon Department of Transportation (the "Department") in connection with the issuance of $[_______] aggregate principal amount of State of Oregon Department of Transportation Highway User Tax Revenue Subordinate Lien Bonds, Series 2020A (Tax-Exempt) (the "Series 2020A Bonds"), and $[_______] aggregate principal amount of State of Oregon Department of Transportation Highway User Tax Revenue Senior Lien Refunding Bonds, Series 2020B (Federally Taxable) (the "Series 2020B Bonds," and together with the Series 2020A Bonds, the "Bonds"). The Bonds are issued pursuant to the Amended and Restated Master Highway User Tax Revenue Bond Declaration dated as of June 1, 2006 and conformed as of November 1, 2010 (the "Master Declaration"), as amended and supplemented, including by the Nineteenth Supplement to the Amended and Restated Master Highway User Tax Revenue Bond Declaration dated as of September 1, 2020 (the "Nineteenth Supplemental Declaration" and together with the Master Declaration and all prior supplements and amendments, including the Nineteenth Supplemental Declaration, collectively, the "Bond Declaration") executed and delivered by the Department and approved by the State Treasurer. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Bond Declaration.

In such connection, we have reviewed the Bond Declaration, the Tax Certificate, dated the date hereof (the "Tax Certificate"), executed by the Department on behalf of the State, certificates of the State Treasurer, the Department and others, and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the State and the Department. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Bond Declaration and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2020A Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Bond Declaration and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public bodies in the State of Oregon. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Bond Declaration or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding special obligations of the State.

2. The Bond Declaration has been duly authorized, executed and delivered by the Department as approved by the State Treasurer and constitutes the valid and binding obligation of the State.

3. The Bonds do not constitute a general obligation of the State. The Series 2020A Bonds are payable solely from the Subordinate Security on a subordinate, junior and inferior basis to the Trust Estate for the Senior Lien Bonds. The Series 2020B Bonds are payable solely from the Trust Estate on a parity of lien with the Outstanding Senior Lien Bonds and any Additional Senior Lien Bonds.

4. Interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Interest on the Series 2020A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We observe that interest on the Series 2020B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds is exempt from State of Oregon personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

STATE OF OREGON
DEPARTMENT OF TRANSPORTATION
HIGHWAY USER TAX REVENUE

$[________]	**$[________]**
SUBORDINATE LIEN BONDS	**SENIOR LIEN REFUNDING BONDS**
SERIES 2020A	**SERIES 2020B**
(TAX-EXEMPT)	**(FEDERALLY TAXABLE)**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the State of Oregon, acting by and through its State Treasurer (the "State"), at the request of its Department of Transportation (the "Department") (collectively, the "Issuer"), in connection with the issuance of $[______] aggregate principal amount of State of Oregon Department of Transportation Highway User Tax Revenue Subordinate Lien Bonds, Series 2020A (Tax-Exempt) (the "Series 2020A Bonds"), and $[_______] aggregate principal amount of State of Oregon Department of Transportation Highway User Tax Revenue Senior Lien Refunding Bonds, Series 2020B (Federally Taxable) (the "Series 2020B Bonds," and together with the Series 2020A Bonds, the "Bonds"). The Bonds are being issued pursuant to the provisions of Article IX, Section 3a of the Oregon Constitution, Oregon Revised Statutes ("ORS") 367.605 to 367.665, as amended, inclusive, ORS Chapter 286A, as amended, inclusive, Chapter 3, Oregon Laws 2002 (First Special Session), Chapter 618, Oregon Laws 2003, Chapter 865, Oregon Laws 2009, Chapter 30, Oregon Laws 2010, Chapter 11, Oregon Laws 2013, Chapter 344, Oregon Laws 2015 and Chapter 38, Oregon Laws 2016 and Chapter 750, Oregon Laws 2017, as amended by Chapter 93, Oregon Laws 2018 and by Chapter 491, Oregon Laws 2019 (collectively, the "Act"), and the Conformed Amended and Restated Master Highway User Tax Revenue Bond Declaration dated as of June 1, 2006 and conformed as of November 1, 2010 (the "Master Declaration"), as amended and supplemented, including by the Nineteenth Supplement to the Amended and Restated Master Highway User Tax Revenue Bond Declaration dated as of September 1, 2020 (the "Nineteenth Supplemental Declaration" and together with the Master Declaration and all prior supplements and amendments, including the Nineteenth Supplemental Declaration, the "Bond Declaration") executed and delivered by the Department and approved by the State Treasurer. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and to assist the Participating Underwriters in complying with Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Declaration, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean the annual financial information provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Business Day" means any day that is not a Saturday, Sunday, legal holiday or a day on which the offices of banks in Oregon or New York are authorized or required by law or executive order to remain closed and which shall not be a day on which the New York Stock Exchange or The Depository Trust Company, New York, New York is closed.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section 5(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access ("EMMA") website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" means the Official Statement, dated _______, 2020, prepared and distributed in connection with the initial sale of the Bonds.

"Participating Underwriters" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer, as the "obligated person" for purposes of the Rule, shall, not later than nine (9) months after the end of the Department's preceding fiscal year, commencing with the report for the Department's fiscal year ending June 30, 2020, provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate.

The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the Department's Annual Financial Report (as defined in Section 4 herein) may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if the Department's Annual Financial Report is not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report must be submitted in electronic format in compliance with applicable MSRB rules, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information previously provided to the MSRB.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference historical unaudited financial information of the Department of the type contained in the Department's Annual Financial Report, included in the Official Statement as Appendix B, which includes unaudited financial information and which is prepared in accordance with generally accepted accounting principles as established by the Government Accounting Standards Board as in effect from time to time (the "Annual Financial Report"). If the Department's final Annual Financial Report is not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the Department's unaudited financial statements included in the Annual Financial Report included in the final Official Statement, and the Department's final Annual Financial Report shall be provided to the MSRB in the same manner as the Annual Report when it becomes available.

Any or all of the items of the Annual Report may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been made available to the public on the MSRB's website. The Issuer shall clearly identify each such other document so included by reference. The Issuer may modify the format in which this information is presented in the Issuer's discretion, if the Issuer determines that the modified format is consistent with the Rule and the purposes of this Disclosure Certificate.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give, or cause to be given, notice to the MSRB of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

(1) Principal and interest payment delinquencies;

(2) Unscheduled draws on debt service reserves reflecting financial difficulties;

(3) Unscheduled draws on credit enhancements reflecting financial difficulties;

(4) Substitution of credit or liquidity providers, or their failure to perform;

(5) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(6) Tender offers;

(7) Defeasances;

(8) Rating changes;

(9) Bankruptcy, insolvency, receivership or similar event of the obligated person; or

(10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Issuer shall give, or cause to be given, notice to the MSRB of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(1) Unless described in Section 5(a)(5) of this Disclosure Certificate, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(2) Modifications to rights of Bond holders;

(3) Bond calls;

(4) Release, substitution, or sale of property securing repayment of the Bonds;

(5) Non-payment related defaults;

(6) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(7) Appointment of a successor or additional trustee or the change of name of a trustee; or

(8) Incurrence of a Financial Obligation of the Issuer, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in Section 5(b) of this Disclosure Certificate, the Issuer shall determine if such event would be material under applicable federal securities laws.

(d) If the Issuer learns of the occurrence of a Listed Event described in Section 5(a) of this Disclosure Certificate, or determines that knowledge of a Listed Event described in Section 5(b) of this Disclosure Certificate would be material under applicable federal securities laws, the Issuer shall file, or shall cause to be filed, in a timely manner not in excess of ten business days after the occurrence, a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Bond Declaration.

(e) The Issuer intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of "Financial Obligation" in Section 2, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the S.E.C. in Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the S.E.C. or its staff with respect to the amendments to the Rule effected by the 2018 Release.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. Pursuant to paragraph (b)(5)(iii) of the Rule, the Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. In addition, and notwithstanding the provisions of Section 9 below, the Issuer may rescind its obligations under this Disclosure Certificate, in whole or in part, if (i) the Issuer obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Disclosure Certificate are invalid, have been repealed, or otherwise do not apply to the Bonds, and (ii) the Issuer notifies and provides the MSRB a copy of such legal opinion.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Submitting Information Through EMMA. So long as the MSRB continues to approve the use of the EMMA continuing disclosure service, any information required to be provided to the MSRB under this Disclosure Certificate may be provided through EMMA.

SECTION 11. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 12. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Marion County Circuit Court or, if a federal forum is required, in the federal courts of the State of Oregon. The sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 13. Enforceability and Remedies. The Issuer agrees that this Disclosure Certificate is intended to be for the benefit of Holders and Beneficial Owners of the Bonds and shall be enforceable by or on behalf of any such Holder and Beneficial Owner; provided that, the right of any Beneficial Owner to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of Beneficial Owners representing at least twenty-five percent (25%) of the aggregate outstanding principal amount of Bonds. Any failure by the Issuer to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds under the Bond Declaration. This Disclosure Certificate confers no rights on any person or entity other than the Issuer, holders of the Bonds, and any Dissemination Agent.

SECTION 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, any Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Choice of Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of laws, provided that to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

[SIGNATURE PAGE FOLLOWS]

SECTION 16. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Date: September __, 2020.

STATE OF OREGON, acting by and through its State Treasurer

By: ___________________________________
Lee Helgerson
Senior Debt Manager, Debt Management Division
Office of the State Treasurer

STATE OF OREGON
DEPARTMENT OF TRANSPORTATION

By: ___________________________________
Tracy D. Wroblewski
Chief Financial Officer

CONTINUING DISCLOSURE EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	State of Oregon, acting by and through its State Treasurer and its Department of Transportation (collectively, the "Issuer")
Name of Bond Issue:	$[_________] State of Oregon Department of Transportation Highway User Tax Revenue Subordinate Lien Bonds, Series 2020A (Tax-Exempt) and $[_________] State of Oregon Department of Transportation Highway User Tax Revenue Senior Lien Refunding Bonds, Series 2020B (Federally Taxable)
Date of Issuance:	September __, 2020

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the Issuer, dated the Date of Issuance. The Issuer anticipates that the Annual Report will be filed by _____________.

Dated:_______________

STATE OF OREGON, acting by and through its State Treasurer

By: ___[to be signed only if filed]_________
Authorized Representative
Office of the State Treasurer

STATE OF OREGON
DEPARTMENT OF TRANSPORTATION

By: ___[to be signed only if filed]_________
Authorized Representative

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APPENDIX G

DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2020 Bonds. The 2020 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each series of the 2020 Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2020 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2020 Bonds, except in the event that use of the book-entry system for the 2020 Bonds is discontinued.

To facilitate subsequent transfers, all 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents relating to the 2020 Bonds. For example, Beneficial Owners of 2020 Bonds may wish to ascertain that the nominee holding the 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2020 Bonds within a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Department as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments represented by the 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Department or the Fiscal Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent, the State or the Department, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2020 Bonds at any time by giving reasonable notice to the State or the Fiscal Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

To the extent permitted by law, the State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE STATE BELIEVES TO BE RELIABLE, BUT THE STATE TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NONE OF THE STATE, THE DEPARTMENT OR THE FISCAL AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES OR BENEFICIAL OWNERS WITH RESPECT TO DTC'S RECORD KEEPING, PAYMENTS BY

DTC OR PARTICIPANTS, NOTICES TO BE DELIVERED BY DTC, OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER OF THE 2020 BONDS.

So long as Cede & Co. is the registered owner of the 2020 Bonds, as nominee for DTC, references herein to the holders or registered owners of the 2020 Bonds (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2020 Bonds. When reference is made to any action, which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given the State or the Fiscal Agent shall send them to DTC only.

For every transfer and exchange of the 2020 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

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State of Oregon Department of Transportation • Highway User Tax Revenue Subordinate Lien Bonds, Series 2020A (Tax-Exempt) and Senior Lien Refunding Bonds, Series 2020B (Federally Taxable)

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