

NEW ISSUE – BOOK-ENTRY ONLY

Elementary School District No. 3
of Osage County, Oklahoma

(Osage Hills Board of Education)

PRELIMINARY OFFICIAL STATEMENT

DATED: September 23, 2024

\$225,000 Building Bonds of 2024

SEALED BIDS WILL BE RECEIVED UNTIL:
11:30 o'clock a.m., on the 7th day of October, 2024

The bids will be opened and read and shall be awarded at the first Board of Education meeting held after the bids are due. This is expected to occur at 5:00 o'clock p.m. on the 7th day of October, 2024

FINANCIAL ADVISOR
STEPHEN H. MCDONALD & ASSOCIATES, INC.

OFFICIAL BID FORM – Exhibit B

7th day of October, 2024

Board of Education
Elementary School District No. 3
Osage County, Oklahoma

For your issue of General Obligation Building Bonds of 2024, dated November 1, 2024 (the "Bonds"), of the par value of \$225,000 with principal and semi-annual interest payable through The Depository Trust Company ("DTC") by UMB Bank, n.a., Oklahoma City, Oklahoma, as Paying Agent and Registrar, we hereby agree to pay you therefor a price of par and accrued interest plus a total premium of \$_____ for bonds maturing and bearing interest as follows:

\$45,000 due 11-1-2026 @ _____%
\$60,000 due 11-1-2027 @ _____%
\$60,000 due 11-1-2028 @ _____%
\$60,000 due 11-1-2029 @ _____%
Net Interest Cost: \$_____
Average Interest Rate: _____%

Delivery of the Bonds shall be made at our (the purchaser's) expense through DTC against payment of the agreed upon purchase price under the following stipulations: (1) that said Bonds are to be in the hands of the Attorney General of the State of Oklahoma for examination within 30 days from this date without litigation pending; (2) that within 10 days after approval of said Bonds by the Attorney General, we are to be furnished with certified transcript of proceedings covering this issue; (3) that the Bonds shall be tendered to us for payment within 35 days after their approval by the Attorney General which shall not exceed 70 days from this date; (4) if, prior to the delivery of the Bonds, the income received from bonds of the same type and character shall become subject to federal income taxation by ruling, decision or law, we may, at our option, be relieved of our obligation hereunder and in such case our good faith deposit will be returned; and (5) after the expiration of the 30 day contest period we are to be furnished with such additional showings as may be necessary to establish legality, legal delivery and freedom from litigation all to the satisfaction of _____, Bond Counsel, whose fee we will pay, otherwise delivery shall be made to us but only at our option.

We agree to provide the Paying Agent and Registrar a complete and accurate list of bondholders, with such other information as it may require, at least five (5) business days prior to the date of closing. We further agree to indemnify and hold the School District and its Paying Agent and Registrar harmless for any loss or liability resulting from errors or omissions in the list so provided to said Paying Agent and Registrar.

We attach hereto certified or cashier's check in the sum of \$4,500.00 to be held by you uncashed and to be forfeited to you as full liquidated damages in the event we fail or refuse to comply with the terms of this agreement; said check to be returned to us (1) immediately if this proposal is rejected or (2) 70 days from this date if demanded by us, in the event you are unable to comply with the provisions hereof.

We agree to complete, execute, and deliver to the School District, at least five business days prior to delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form and to the effect accompanying the Notice of Sale of Bonds, with such changes thereto as may be acceptable to the School District and Bond Counsel. This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale of Bonds and is not subject to any conditions, except as permitted under the terms of the Notice of Sale of Bonds. This bid shall not be revocable. The undersigned has an established industry reputation for underwriting new issuances of municipal bonds.

This proposal is made for immediate acceptance or rejection.

Respectfully submitted,

By: _____

At a legal meeting held on the date first above written, the above proposal was considered and upon motion regularly made, seconded and carried was accepted and the bonds sold, awarded and ordered delivered in compliance with the terms and conditions hereof.

WITNESS our official hands and seal the date first above written.

President, Board of Education

ATTEST:

Clerk, Board of Education

(SEAL)

NOTICE OF SALE OF BONDS

Conditions of Sale

Elementary School District No. 3 Osage County, Oklahoma

\$225,000 Building Bonds of 2024

Place and Time of Sale

The Board of Education of Elementary School District No. 3 of Osage County, Oklahoma (the "School District"), will receive sealed bids at the Library, Osage Hills Public Schools, 225 County Road 2706, Bartlesville, Oklahoma, **until 11:30 o'clock a.m., Monday, the 7th day of October, 2024**, for the sale of its \$225,000 Building Bonds of 2024 (the "Bonds"), more completely described in the "Preliminary Official Statement". The bids will be opened and read and shall be awarded at the first Board of Education meeting held after the bids are due. This is expected to occur at 5:00 o'clock p.m. on the 7th day of October, 2024.

Address of Bids

Sealed bids, plainly marked "Bid for Bonds", may be mailed either to "Ms. Jeannie O'Daniel, Elementary Superintendent, Osage Hills Public Schools, 225 County Road 2706, Bartlesville, Oklahoma 74003" or to the School District's Financial Advisor, Stephen H. McDonald & Associates, Inc., ATTN: Ron Fisher, 2200 McKown Drive, Norman, Oklahoma 73072. Sealed bids must be submitted in duplicate on the Official Bid Form furnished herein.

Types of Bids and Interest Rates

The Bonds will be sold in one block, all or none, and no bid of less than par and accrued interest will be considered. Bidders must specify the rate or rates of interest the Bonds will bear. No interest rate in excess of ten percent (10%) will be considered. Bidders shall specify the rate or rates of interest in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent per annum. Bidders are not restricted as to the number of rates that may be named, provided that the same rate shall be specified for all bonds of the same maturity.

Basis for Award

For the purpose of awarding the Bonds, the interest cost of each bid will be computed by determining, at the rate or rates specified therein, the total of all interest on the Bonds from the date thereof to their respective maturities, and deducting therefrom the premium bid, if any. The Bonds, if sold, will be awarded to the bidder whose bid, on the basis of the above computation produces the lowest interest cost to the School District. **THE BOARD OF EDUCATION RESERVES THE RIGHT TO REJECT ALL BIDS AND TO WAIVE ANY MINOR IRREGULARITIES.**

Good Faith Deposit

Each bid must be accompanied by a good faith deposit in the form of a Certified or Cashier's Check made payable to the Treasurer of the School District in the amount of two percent (2%) of the par value of the Bonds, or \$4,500.00. The good faith deposit of the successful bidder will be retained by the School District to assure performance of the contract on the part of said bidder. In the event said bidder should fail or refuse to take up and pay for the Bonds in accordance with his bid, then said check will be cashed as full liquidated damages. Otherwise, said check will be returned to the purchaser upon payment for the Bonds. No interest will be allowed on said check. Checks of unsuccessful bidders will be promptly returned.

Book-Entry Only Bonds

The Bonds are being issued book-entry only and a complete transcript of the legal proceedings had in connection with the issuance of the Bonds will be furnished to the purchaser at no expense.

Legal Opinion

Bids may be submitted subject to the opinion of the Attorney General, which will be provided by the School District without cost. Bids may also be submitted subject to the approving opinion of a recognized Bond Counsel, which opinion shall be obtained at the purchaser's expense.

Ratings

Neither the School District nor its Financial Advisor has obtained, nor do they plan to obtain, a rating of the Bonds by any rating agency other than The Municipal Rating Committee of Oklahoma, Inc.

Tax Status of the Bonds; Bank-Qualified Obligations

It is expected that interest on the Bonds will be excluded from gross income for federal income tax purposes, and that interest on the Bonds will be exempt from State of Oklahoma income taxation. It also is expected that the School District will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Non-Litigation Certificate

At the time of delivery of the Bonds, the School District will execute and furnish the purchaser with a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain or enjoin the issuance of delivery of the Bonds, or affecting the provision made for their payment or security, or in any manner questioning the validity of the Bonds.

Compliance with SEC Rule 15c2-12

Official Statement. The School District has prepared the accompanying Preliminary Official Statement, and for the limited purpose of complying with Rule 15c2-12, promulgated by the Securities and Exchange Commission, deems such Preliminary Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. The School District will furnish to the Purchaser or Purchasers acting through a designated senior representative, in accordance with instructions received from the Purchaser(s), within seven (7) business days from the sale date a maximum of 20 copies of a Final Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Bonds. The cost of any Final Official Statements in excess of the number specified shall be prepared and distributed at the cost of the Purchaser(s). The Purchaser(s) shall be responsible for providing the initial reoffering prices and other terms, if any, to the Financial Consultant by the close of the next business day after the sale. Except as noted above, the School District assumes no responsibility or obligation for the distribution or delivery of any copies of the Final Official Statement in connection with the offering or reoffering of the Bonds.

Continuing Disclosure. The Bonds are not subject to the provisions of Rule 15c2-12 regarding secondary market disclosure, and consequently the School District undertakes no obligation to provide secondary market information pursuant to such continuing disclosure standards with respect to the Bonds. The School District is obligated under Oklahoma law to prepare annual financial statements and to have such financial statements audited. Copies of such financial statements, when prepared, may be obtained from the School District Treasurer, (918) 366-6804, 225 County Road 2706, Bartlesville, Oklahoma 74003.

CUSIP Numbers

CUSIP identification numbers will be printed on the Bonds if assigned by the CUSIP Service Bureau, but neither the failure to print the numbers nor any error with respect thereto shall constitute cause for refusal by the purchaser to accept delivery of the Bonds. All expenses in relation to the printing of the CUSIP Service Bureau numbers shall be paid by the School District except that the CUSIP Service Bureau charge for the assignment of numbers shall be the responsibility of and paid by the purchaser of the Bonds.

Delivery

Delivery of the Bonds shall be made at the expense of the Purchaser through The Depository Trust Company ("DTC") against payment of the agreed upon purchase price. Delivery of the Bonds to the purchaser is anticipated on or about the 21st day of November, 2024.

Additional Information

Additional information may be obtained from the School District's Financial Advisor, Stephen H. McDonald & Associates, Inc., 2200 McKown Drive, Norman, Oklahoma 73072. Contact Ron Fisher at (405) 329-0123, ext. 25; or ronfisher@shmcdonald.net.

Establishment of Issue Price

The winning bidder shall assist the School District in establishing the issue price of the Bonds and shall execute and deliver to the School District at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form set forth below, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the School District and Bond Counsel. All actions to be taken by the School District under this Notice of Sale to establish the issue price of the Bonds may

be taken on behalf of the School District by its Financial Advisor identified herein and any notice or report to be provided to the School District may be provided to its Financial Advisor.

The School District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds to the public (the “competitive sale requirements”):

- a. the School District shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- b. all bidders shall have an equal opportunity to bid;
- c. the School District anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- d. the School District anticipates awarding the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest net interest cost, as set forth in this Notice of Sale of Bonds.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

If the competitive sale requirements are not satisfied, the School District shall so advise the winning bidder. The School District shall treat the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the School District if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The School District will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity. Bids will not be subject to cancellation if the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test in order to establish the issue price of the Bonds.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the School District the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report to the winning bidder the prices at which any maturities of the Bonds subject to the 10% test have been sold to the public, if and for so long as directed by the winning bidder and in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report to the winning bidder the prices at which any maturities of the Bonds subject to the 10% test have been sold to the public, if and for so long as directed in the applicable pricing wires.

Sales of and Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale.

For purposes of this Notice of Sale:

- a. “public” means any person other than an underwriter or a related party;
- b. “underwriter” means (A) any person that agrees pursuant to a written contract with the School District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bond to the public); and
- c. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to more than 50% common ownership.

If the successful bidder does not intend to reoffer the Bonds for sale to the “public,” the Issue Price Certificate may be modified in a manner approved by the School District.

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of _____ (the "Underwriter"), hereby certifies as set forth below with respect to the sale of the \$225,000 Building Bonds of 2024 (the "Bonds") of Elementary School District No. 3 of Osage County, Oklahoma (the "School District"):

[Sales where at least 3 bids are received from established underwriters]

1. Reasonably Expected Initial Offering Price.
 - (a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Underwriter are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Bonds used by the Underwriter in formulating its bid to purchase the Bonds.
 - (b) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.
 - (c) The bid submitted by the Underwriter constituted a firm bid to purchase the Bonds.

[Sales where less than 3 bids are received from established underwriters and at least 10% of each maturity is sold]

1. Sale of the Bonds. As of the date of this Certificate, for each Maturity of the Bonds, the first price at which at least 10% of each Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Sales where the Purchaser has no intention to sell, reoffer, or otherwise dispose of the Bonds]

1. Purchase of the Bonds. On the date of this Certificate, the Purchaser is purchasing the Bonds for the amount of \$ _____. The Purchaser is not acting as an Underwriter with respect to the Bonds and is not a related party to an Underwriter of the Bonds. The Purchaser has no present intention to sell, reoffer, or otherwise dispose of the Bonds (or any portion of the Bonds or any interest in the Bonds). The Purchaser has not contracted with any person pursuant to a written agreement to have such person participate in the initial sale of the Bonds and the Purchaser has not agreed with the Issuer pursuant to a written agreement to sell the Bonds to persons other than the Purchaser or a related party to the Purchaser.

Defined Terms.

- (a) *Issuer* means Elementary School District No. 3 of Osage County, Oklahoma.
- (b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Regulatory Underwriter or a related party to a Regulatory Underwriter. The term "related party" for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (d) *Regulatory Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).
- (e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is the 7th day of October, 2024.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the School District with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G(-GC), and any other federal income tax advice that it may give to the School District from time to time relating to the Bonds.

EXECUTED and DELIVERED as of the _____ day of _____, 20__.

_____, as Underwriter

By: _____
Name: _____

NEW ISSUE – BOOK-ENTRY ONLY

Rating: Oklahoma #2

In the opinion of Bond Counsel, under existing law, and subject to compliance with certain covenants, interest on the bonds is not included in the gross income of owners of the Bonds for Federal income tax purposes and is not treated as a preference item for purposes of computing Federal alternative minimum tax. The Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. Interest on the Bonds is exempt from Oklahoma income taxation. See “Tax Matters” herein.

\$225,000
Elementary School District No. 3
Osage County, Oklahoma
(Osage Hills Public Schools)
Building Bonds of 2024

Dated: November 1, 2024

Due: November 1, as shown below

The Bonds are being issued by Elementary School District No. 3 of Osage County, Oklahoma (the “School District”). The Bonds are dated as of November 1, 2024. Interest on the Bonds is payable semiannually on May 1 and November 1 of each year (each an “Interest Payment Date”), commencing May 1, 2026. The Bonds will be initially issued, in fully registered form, in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. Purchases of the Bonds will be made in book-entry form only, through brokers and dealers who are, or who act through DTC participants. Purchases of the Bonds may be made in the denomination of \$5,000 or any integral multiple thereof. **Beneficial owners of the Bonds will not receive physical delivery of Bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds.** So long as DTC or its nominee is the registered owner of the Bonds, payment of the principal and interest on the Bonds will be payable by UMB Bank, n.a., Oklahoma City, Oklahoma, as initial Paying Agent and Registrar (the “Paying Agent and Registrar”), to DTC or its nominee and disbursement of such payments to DTC Participants will be the responsibility of DTC and disbursement of such payments to beneficial owners of the Bonds will be the responsibility of DTC Participants and Indirect Participants. No physical delivery of the Bonds will be made to the owners thereof. (see “The Bonds – Book-Entry System” herein).

The Bonds are not callable prior to their stated maturities.

The School District has designated the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, as described herein.

The proceeds from the Bonds will be used to renovate, repair, remodel and/or acquire improvements to existing school sites district wide as needed, as well as to pay all legal, financial and other costs relating to the issuance of the Bonds, as described herein.

The Bonds are direct and general obligations of the School District and are payable as to principal and interest from ad valorem taxes which are required to be levied on all taxable property within the School District, without limitation as to rate or amount.

Maturity Schedule

Due November 1	Principal Amount	Interest Rate	Yield	Due November 1	Principal Amount	Interest Rate	Yield
2026	\$45,000			2028	\$60,000		
2027	\$60,000			2029	\$60,000		

This cover page contains only a brief description of the Bonds and the security therefor. It is not a summary of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued by the School District, and subject to the approving opinion of Bond Counsel as to validity and tax exemption. It is expected that the Bonds will be available for delivery on or about the 21st day of November, 2024.

FINANCIAL ADVISOR
STEPHEN H. MCDONALD & ASSOCIATES, INC.
Norman, Oklahoma

**Board of Education
Elementary School District No. 3
Osage County, Oklahoma**

Brant Garrison, *President*
Josiah Rovenstine, *Vice President*
Jim Smith, *Clerk and Member*

SCHOOL ADMINISTRATION

Jeannie O'Daniel, *Elementary Superintendent*
Jeff Lay, *School District Treasurer*

FINANCIAL ADVISOR

Stephen H. McDonald & Associates, Inc.
Norman, Oklahoma

This Official Statement, which includes the cover page and the Exhibits hereto, does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized by the School District or the Financial Advisor to give information or to make any representation other than those contained in this Official Statement, 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 the School District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District, or in the information or opinions set forth herein, since the date of this Official Statement.

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Exhibit A - Selected material taken from audited Financial Statements for the Fiscal Year Ended
June 30, 2023

INTRODUCTORY STATEMENT

This Official Statement, including the Exhibits attached hereto (if any), has been prepared on behalf of Elementary School District No. 3 of Osage County, Oklahoma (the “School District”), in connection with the original issuance and sale by the School District of its Building Bonds of 2024 (the “Bonds”).

All financial and other information presented in this Official Statement has been provided by the School District from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the School District. No representation is made that past experience, as is shown by such financial and other information, will necessarily continue or be repeated in the future.

Reference to provisions of Oklahoma law, whether codified in the Oklahoma Constitution or the Oklahoma Statutes are references to current provisions. These provisions are subject to amendment, repeal or supplement.

THE BONDS

Authorization and Purpose

The Bonds are being issued and offered pursuant to the authority set forth in Article 10, Section 26 of the Oklahoma Constitution, as amended, Oklahoma Statutes 2011, Title 62§353 and 354, Title 70§15-101ff and/or 106, and a Bond Resolution of the Board of Education of the School District to be adopted on the 7th day of October, 2024. The Bonds were authorized to be issued at a special election held in the School District on the 27th day of August, 2024.

Proceeds from the Bonds will be used to renovate, repair, remodel and/or acquire improvements to existing school sites district wide as needed, as well as to pay all legal, financial and other costs relating to the issuance of the Bonds.

General Description

The Bonds are dated November 1, 2024, are fully registered bonds, and are in denominations of \$5,000 or any integral multiple thereof. The Bonds bear interest from November 1, 2024, and interest will be paid semiannually on May 1 and November 1 of each year (each an “Interest Payment Date”), commencing May 1, 2026. It is anticipated that the Bonds will be available for delivery on or about the 21st day of November, 2024.

The principal of the Bonds is payable, when due, at the designated corporate trust office of UMB Bank, n.a. (the “Registrar” and “Paying Agent”), in Oklahoma City, Oklahoma. Interest on the Bonds will be paid on each Interest Payment Date by check mailed to the registered owner thereof at the address shown on the registration books maintained by the Registrar and Paying Agent at the close of business on the 15th day of the calendar month preceding the Interest Payment Date, or if such day is a Saturday, Sunday or holiday, on the next preceding business day (the “Record Date”).

Redemption Prior to Maturity

The Bonds are not callable prior to their stated maturity.

Tax Matters

It is expected that interest on the Bonds will be excluded from gross income for federal income tax purposes, and that interest on the Bonds will be exempt from State of Oklahoma income taxation. It also is expected that the School District will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). See the section titled “Tax Matters” herein.

Registration and Transfer

Bonds presented to the Registrar for transfer after the close of business on a Record Date and before the close of business on the next subsequent Interest Payment Date will be registered in the name of the transferee but the interest payment will be made to the registered owners shown on the books of the Registrar as of the close of business on the Record Date.

The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Bonds. Principal and interest on the Bonds will be paid by the Paying Agent and Registrar to DTC. Disbursements of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described in the section titled “Book-Entry System.”

Book-Entry System

THE INFORMATION IN THIS SECTION, “BOOK-ENTRY SYSTEM”, HAS BEEN FURNISHED BY THE DEPOSITORY TRUST COMPANY. NO REPRESENTATION IS MADE BY THE SCHOOL DISTRICT AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION. THE SCHOOL DISTRICT SHALL HAVE NO RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR THE PERSONS FOR WHICH THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS, OR FOR ANY PRINCIPAL, PREMIUM, IF ANY, OR INTEREST PAYMENT THEREOF.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The 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 Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of each such maturity, and will be deposited with DTC at the office of the Paying Agent and Registrar on behalf of DTC utilizing the DTC FAST system of registration.

DTC, the world’s largest 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 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, AND EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 rating of "AA+" from S&P Global Ratings, a Standard and Poor's Financial Services LLC business. 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 and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC (or the Paying Agent and Registrar on behalf of DTC utilizing the DTC FAST system of registration) 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 Bonds with DTC (or the Paying Agent and Registrar on behalf of DTC utilizing the DTC FAST system of registration) and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the 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 School District or 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, Agent, or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of any payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District or Agent. Disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the School District or Agent. Under such circumstances, the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the School District believes to be reliable, but the School District takes no responsibility for the accuracy thereof.

Security and Source of Payment

The Bonds, in the opinion of Bond Counsel, are direct and general obligations of the School District and are payable as to both principal and interest from ad valorem taxes to be levied against all taxable property within the School District, without limitation as to rate or amount.

Ad valorem taxes for the Bonds shall be levied annually beginning in Fiscal Year 2025-26, shall become delinquent one-half on January 1 and one-half on April 1 of each year, and are required to be collected by the County Treasurer, apportioned and paid over to the School District Treasurer, and then deposited directly and only into the Sinking Fund of the School District. IN NO EVENT MAY SUCH AD VALOREM TAXES BE DEPOSITED INTO THE GENERAL FUND OR ANY FUND OF THE SCHOOL DISTRICT OTHER THAN THE SINKING FUND.

As stated above, the Bonds are payable from ad valorem taxes on all taxable property within the School District including real, personal and public service property, and any other moneys available for such purpose. Real and personal property in the School District is currently assessed at a rate of approximately 11% of estimated full market value. Public service property assessments are determined by the Oklahoma State Tax Commission, and currently the assessment ratio is approximately 11.84% of estimated full market value of airline and railroad property and 22.85% of estimated full market value of all other public service property. Pursuant to Oklahoma statutes, County Assessors are required to reassess property within the County at least once each five years. The School District is required to pay its proportionate share of the cost of such reassessment.

Ad valorem tax rates for Sinking Fund purposes are determined by ascertaining the actual dollars of revenues required for payment of principal and interest on indebtedness, fees to fiscal and paying agents and judicial judgments. Such total amount may be reduced by any surplus from the prior fiscal year and any contributions made into the Sinking Fund. To the resulting net requirements a reserve for delinquent taxes, in an amount of not less than 5% nor more than 20%

of the net required tax collection, shall be added to the required collections. Such final total requirements shall then be divided by the total net assessed valuation of all real, personal and public service property in order to determine the appropriate tax rate for each property owner.

One hundred percent (100%) of the School District's Sinking (Debt Service) Fund revenues come from locally collected ad valorem taxes. None of these ad valorem taxes are collected or disbursed by the State of Oklahoma. Furthermore, as stated above, Sinking Fund taxes are collected by the County Treasurers of the counties in which the School District is situated, are apportioned and paid over to the School District Treasurer and cannot, by Oklahoma Law, be placed in any fund of the School District other than the Sinking Fund. They may be used only for the payment of principal of and interest on indebtedness (including judicial judgments) of the School District.

ELEMENTARY SCHOOL DISTRICT NO. 3, OSAGE COUNTY, OKLAHOMA

General Information

The School District is located in north central Oklahoma, in Osage County, approximately 50 miles north of the City of Tulsa, Oklahoma. The School District, encompassing approximately 26 square miles, serves a portion of the rural area in Osage County near the City of Bartlesville (population: 37,290), the County Seat of Washington County. School District administrators estimate the population of the School District to be approximately 850 people. The School District employs 12 certified teachers, has an enrollment of 158, and operates 1 regular bus route transporting approximately 12% of the student body to and from school daily. The School District is fully accredited by the Oklahoma State Department of Education.

Residents of the School District are employed at businesses in the City of Bartlesville and surrounding communities, with those not so employed primarily engaged in farming and ranching. No separate employment figures are available for the School District; however, preliminary figures provided by the United States Department of Labor's Bureau of Labor Statistics indicate the current (July 2024) unemployment rate for Osage County is 4.2% compared to 3.7% in the State of Oklahoma as a whole, and 4.5% for the United States.

FINANCIAL MATTERS

Ad Valorem Taxes

Taxable property in the State of Oklahoma (the "State") is placed in one of three classifications: real property, personal property, and public service property. Assessment ratios for real and personal property are determined locally by each County Assessor within guidelines established by the State Board of Equalization and the Oklahoma Tax Commission. Real property assessment ratios may range from 11% to 13.5% of full market value, and personal property assessment ratios may range from 10% to 15%. The assessment ratio for public service property is determined on a statewide basis by the Oklahoma Tax Commission. Currently, real and personal property in the County is assessed at a ratio of 12% of full market value. Public service property is assessed at a ratio of 11.84% of estimated full market value of airline and railroad property and 22.85% of estimated full market value of all other public service property. County Assessors are required to reassess property within the County at least once each five years. The School District is required to pay its proportionate share of the cost of such reassessment.

School districts in Oklahoma are limited to a total of thirty-five (35) mills ad valorem tax for operating (General Fund) purposes, and five (5) mills for Building Fund purposes. In addition, Oklahoma statutes require that the School District each year make an ad valorem tax levy for a

Sinking Fund which shall, with cash and investments in the fund, be sufficient to pay all the bonded indebtedness, interest and one-third of all outstanding judgments coming due in the following year. Such funds are placed in the School District's Sinking Fund and are expended only for these purposes. The ad valorem tax rates for Sinking Fund purposes are determined by ascertaining the actual dollars of revenues required for payment of principal and interest on indebtedness and judicial judgments. Such total amount may be reduced by any surplus from the prior fiscal year and any contributions made into the Sinking Fund in lieu of ad valorem taxes. To the resulting net requirements a reserve for delinquent taxes, in an amount of not less than 5% nor more than 20% of the net required tax collection, shall be added to the required collections. Such final total requirements shall then be divided by the total net assessed valuation of all taxable property in order to determine the appropriate tax rate for each property owner.

After review and approval by the Board of Education, copies of the Sinking Fund Estimate are submitted to the County Excise Board to determine the ad valorem tax levy and appropriations. This submission is required to be made by August 27th of each year. The estimates are for the purposes of determining ad valorem taxes required to fund the General, Building, and Sinking Funds. The amounts contained in the Estimate of Needs are verified by the County Excise Board and, upon verification, the levy contained therein is ordered to be certified to the County Assessor in order that the County Assessor may extend said levy upon the tax rolls for the year for which the Estimate of Needs is submitted. While the County Excise Board may make recommendations with respect to the levy request, it only has the authority to change the reserve for delinquent taxes.

The County Assessor is required to file a tax roll report on or before October 1 of each year with the County Treasurer indicating the net assessed valuation for each municipality within the County. This report includes the assessed valuation for all real, personal and public service property. The County Treasurer has fifteen days after receipt of the tax roll report to start collecting taxes. The first half of taxes is due and payable on November 1 of each year. The second half is due and payable on or before April 1 of each year. However, if the first half is not paid by January 1, both first and second half are declared delinquent as of January 1. If the first half taxes are paid in a timely manner and the second half taxes are not paid on or before April 1, the taxes are considered delinquent. Interest accrues on delinquent taxes at the rate of 1.5% monthly (18% annually), to a maximum of 100% of the taxes due and owing, until such time as the delinquent taxes are paid. In the event taxes and accrued interest are not paid, the property is sold at tax sale on October 1 and the purchaser is issued a certificate of tax lien; however, the original owner of the property has two years in which to redeem the property by paying the taxes, interest and penalties owed. If, at the end of two years he has not done so, the purchaser may then apply for a deed to the property. If there is no purchaser, then the county acquires the same lien and the property is auctioned after approximately two and one-half years.

Compliance with Constitutional Debt Limitation

The current, summary debt statement of the School District revised from that filed with the State of Oklahoma as of June 30, 2024, is shown below:

2024-25 Estimated Full Market Value	\$246,564,358
2024-25 Assessed Valuation, including Homestead Exemptions	\$28,065,411
2024-25 Assessed Valuation, excluding Homestead Exemption	\$27,744,172

The County or Counties indicated below, if any, have held an election under Oklahoma Constitution Article X, §6(B) approving an exemption of certain household and personal property from ad valorem taxation. Accordingly, said County or Counties have calculated the “millage adjustment factor” to be applied to debt percentage limits under Article 10, Section 26(b), resulting in an adjusted debt limit. The adjusted debt limit is as follows:

County	Net Assessed Valuation	District Unadjusted Legal Debt Limit (1)	Millage Adjustment Factor (If App.)	District Adjusted Legal Debt Limit (2)
Osage County	\$27,744,172	\$2,774,417.20	1.01677700000	<u>\$2,820,963.60</u>
TOTAL ADJUSTED LEGAL DEBT LIMIT (BONDING CAPACITY)				\$2,820,963.60

(1) Net Assessed Valuation times 10%.

(2) District Unadjusted Legal Debt Limit times Millage Adjustment Factor.

Total Bonded Indebtedness (including the Bonds)	\$1,000,000	
<u>Less: Current Sinking Fund Balance</u>	<u>130,596</u>	
Net General Obligation Bonded Indebtedness		\$869,404
Remaining Bonding Capacity		\$1,951,560
Ratio of Net General Obligation Bonded Indebtedness to Net Assessed Valuation		3.13%
Ratio of Net General Obligation Bonded Indebtedness to Estimated Full Market Value		0.35%

Composition and Growth of the Net Assessed Valuation

The composition of the Net Assessed Valuation of the School District for the Fiscal Year 2024-25 is as follows:

Property	Osage County	Percentage
Real	\$9,084,580	32.74%
Personal	\$16,840,594	60.70%
Public Service	\$1,818,998	6.56%
TOTAL	\$27,744,172	100.00%

The growth of the Net Assessed Valuation of the School District for the past ten years has been as follows:

Fiscal Year	Amount	Fiscal Year	Amount
2024-2025	\$27,744,172	2019-2020	\$21,729,139
2023-2024	\$36,251,907	2018-2019	\$20,038,125
2022-2023	\$27,772,919	2017-2018	\$16,601,938
2021-2022	\$27,769,809	2016-2017	\$16,511,324
2020-2021	\$23,563,966	2015-2016	\$16,161,748

During this period, the Net Assessed Valuation of the School District increased \$11,582,424 or 71.67%.

General Obligation Bonded Debt Outstanding

Date of Issuance	Original Principal Amount	Remaining Maturities	Maturity Dates	Total Outstanding
6-1-22	\$295,000	\$75,000	6-1-25/27	\$225,000
5-1-23	\$550,000	\$135,000 \$145,000	5-1-25/27 5-1-28	\$550,000
11-1-24	\$225,000	\$45,000 \$60,000	11-1-26 11-1-27/29	\$225,000
TOTAL				\$1,000,000

Annual Debt Service Requirements of General Obligation Bonded Debt Outstanding

Fiscal Year	Existing Bonds		Building Bonds*		Total New Debt Service Requirement
	Principal	Interest	Principal	Interest	
2024-2025	\$210,000.00	\$28,137.50			\$238,137.50
2025-2026	\$210,000.00	\$20,225.00		\$14,343.75	\$244,568.75
2026-2027	\$210,000.00	\$12,312.50	\$45,000.00	\$8,606.25	\$275,918.75
2027-2028	\$145,000.00	\$5,075.00	\$60,000.00	\$6,375.00	\$216,450.00
2028-2029			\$60,000.00	\$3,825.00	\$63,825.00
2029-2030			\$60,000.00	\$1,275.00	\$61,275.00
TOTAL	\$775,000.00	\$65,750.00	\$225,000.00	\$34,425.00	\$1,100,175.00

* The average annual interest rate on the Bonds is assumed to be 4.25%.

Net Direct, Overlapping and Underlying General Obligation Bonded Indebtedness (as of June 30, 2024)

Municipality	Net Indebtedness	Amount Applying to the School Dist.	Ratio to Assessed Value of the School Dist.	Per Capita Debt
Osage Hills School District	\$869,404	\$869,404	3.13%	\$1,022.83
Osage County	\$0	\$0	0.00%	\$0.00
TOTAL	\$869,404	\$869,404	3.13%	\$1,022.83

Sinking Fund Tax Collections

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Total Tax Collections	Percentage of Total Collected to Total Levy
2022-2023	\$69,217	\$68,611	99.12%	\$69,071	99.79%
2021-2022	\$63,701	\$63,140	99.12%	\$63,849	100.23%
2020-2021	\$66,621	\$65,935	98.97%	\$66,656	100.05%
2019-2020	\$51,827	\$51,016	98.44%	\$51,881	100.10%
2018-2019	\$78,706	\$77,487	98.45%	\$83,475	106.06%
2017-2018	\$80,605	\$79,803	99.01%	\$80,340	99.67%

Trend of Tax Rates of Major Taxing Units*

Fiscal Year	Osage Hills School District	Osage County	Technology Center	Total Levy
2014-2015	45.54	14.70	15.72	75.96
2015-2016	45.46	14.70	15.72	75.88
2016-2017	45.20	14.70	15.72	75.62
2017-2018	45.53	14.70	15.72	75.95
2018-2019	44.60	14.70	15.72	75.02
2019-2020	43.06	14.70	15.72	73.48
2020-2021	43.50	14.70	15.72	73.92
2021-2022	42.96	14.70	15.72	73.38
2022-2023	43.16	14.70	15.72	73.58
2023-2024	46.41	14.70	15.72	76.83

* Expressed in dollars per \$1,000 of net assessed valuation.

Largest Taxpayers

Name of Taxpayer	Type of Business	Net Assessed Valuation
Phillips 66 Company	Oil & Gas Industry	\$14,078,020
Chevron Phillips Chemical Co.	Oil & Gas Industry	\$5,861,506
AEP Oklahoma Transmission Co.	Electricity Transmission	\$538,868
Midway Pipeline LLC	Pipeline	\$509,735
Osage Tribe of Indians	Casino	\$403,920
Public Service Co. of Okla.	Electric Utility	\$393,079
KSL Dirtworks LLC	Construction Services	\$248,357
Southwestern Bell Telephone LP	Telecommunications	\$206,401
Osage Landfill Inc.	Waste Management	\$132,878
Acorn Properties LLC	Property Storage	\$89,551
Total Net Assessed Valuation of Top Ten Taxpayers:		\$22,462,315
Percentage of School District's Net Assessed Valuation:		80.96%

Source: Osage County Assessor's Office.

LITIGATION

To the knowledge of the School District, there is no litigation pending seeking to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the legality of the Bonds or proceedings and authority under which the Bonds are to be issued. There is no litigation pending which in any manner questions the right of the School District to construct or finance the proposed improvements.

LEGAL MATTERS

All matters incident to the authorization and issuance of the Bonds are subject to the approval of the Attorney General of the State of Oklahoma and to the approval of Bond Counsel selected by the Underwriters. Bond Counsel has not participated in the preparation of the Official Statement. Accordingly, Bond Counsel has no responsibility for the accuracy, sufficiency or completeness of any information furnished in connection with any offer or sale of the Bonds.

CONTINUING DISCLOSURE

The Bonds are not subject to the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission regarding secondary market disclosure, and consequently, the School District undertakes no obligation to provide secondary market information pursuant to such continuing disclosure standards with respect to the Bonds. The Oklahoma State Auditor and Inspector receives annual audited financial statements from all Oklahoma subdivisions required to prepare and file such under current law. Such audited financial statements are published on the Oklahoma State Auditor and Inspector website (www.sai.ok.gov) and are available to the public.

POTENTIAL IMPACT OF COVID-19

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the operations and effectiveness of municipal governments, such as the School District. One such external event is the global outbreak of COVID-19 (“COVID-19”), a respiratory disease declared in 2020 to be a pandemic (the “Pandemic”) by the World Health Organization and an emergency by federal and state governments. Since the start of the Pandemic, Presidential administrations, Congress, the State, and various federal and State agencies and regulatory bodies have enacted legislation and/or issued orders or directives (collectively, “Governmental Actions”) to alleviate the effects of the Pandemic. Such legislation and/or orders have been extended and/or modified, and others have expired or been rescinded and/or enjoined. While new legislation may be enacted, new orders may be issued, and existing and new orders may be extended, modified, litigated, or allowed to expire, no guarantee can be made with regards to the duration and/or effectiveness of any such legislation or orders.

The Governmental Actions, and other future federal, State, and local measures, may have both adverse and positive effects on the operations, financial condition and bond ratings of the School District. In addition, unemployment in the State, business closures and/or restrictions in the State and stock market fluctuation may have adverse effects, as well. The School District continue to assess the economic and social effects of the Pandemic and its impact on their respective operations, financial condition and bond ratings. At present, the School District has not experienced any materially adverse financial impacts from the Pandemic; however, there could be reductions in property tax receipts and other collections, including the corresponding disbursements thereof, as well as other disruptions for a period of time. The School District cannot predict (i) the duration or extent of the Pandemic or any other outbreak emergency or (ii) whether and to what extent the Pandemic or other outbreak or emergency may disrupt the local or global economy, manufacturing, or supply chain, or whether any such disruption may adversely impact the operations, financial condition and bond ratings of the School District.

TAX MATTERS

Federal Tax Matters

Tax Opinions. In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax on individuals. The opinions described in the preceding sentences assume the accuracy of certain representations and compliance by the School District with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The School District has covenanted to comply with such requirements. For tax years beginning after December 31, 2022, interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations.

In order to maintain the exclusion from federal gross income of interest on the Bonds and for no other purpose, the School District covenants in the No-Arbitrage Certificate or Arbitrage and Use of Proceeds Certificate, and the Resolution Designating Bonds as Qualified Tax-Exempt Obligations, if applicable, to comply with the provisions of the Code. Until and unless, and except to the extent in the opinion of Bond Counsel, the following are not necessary to maintain the exclusion from federal gross income of interest on the Bonds, the School District makes certain covenants, representations and warranties with respect to the Bonds. The School District covenants to submit in a timely manner all reports, accountings and information to the Internal Revenue Service, take whatever action is necessary within its power to assure the continued tax exemption on the Bonds, and take whatever action is necessary within its power to comply with the applicable laws and regulations in order to maintain the exclusion from federal gross income of interest on the Bonds. The School District covenants to not use Bond proceeds in any manner that would result in the loss of the tax-exempt status of the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States and certain corporations subject to the federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Original Issue Premium. Bonds sold at initial public offering prices that are greater than the respective stated amounts to be paid at maturity constitute "**Premium Bonds**". An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over the term of such Premium Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of a Premium Bond should consult with their tax advisors with respect to the determination and treatment of amortizable premium for

federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Bank Qualified. The School District has represented that it does not expect to issue greater than \$10,000,000 of tax-exempt obligations during the 2024 calendar year (excluding certain private activity bonds and refunding bonds), and in the Resolution it has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. Accordingly, Bond Counsel is of the opinion that in the case of certain banks, thrift institutions or other financial institutions owning the Bonds, a deduction is allowed for 80% of that portion of such institutions’ interest expense allocable to interest on the Bonds. Bond Counsel expresses no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by a holder of the Bonds or a related person to purchase or carry the Bonds.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

No Other Opinion. Bond Counsel expresses no other opinion regarding the federal tax consequences arising with respect to the Bonds.

State Tax Matters

In the opinion of Bond Counsel, under the existing laws of the State, the interest on the Bonds is exempt from Oklahoma state income taxation. Bond Counsel expresses no other opinion regarding the State or local tax consequences arising with respect to the Bonds.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

RATINGS

The School District is currently rated “Oklahoma #2” by The Municipal Rating Committee of Oklahoma, Inc. Neither the School District nor the Financial Advisor has obtained, nor do they plan to obtain, a rating of the Bonds from any other rating agency.

FINANCIAL STATEMENTS

Excerpts from the financial statements of the School District for the fiscal year ended June 30, 2023, which were examined by Jenkins & Kemper, Certified Public Accountants, P.C., Bixby, Oklahoma, appear in this Official Statement as Exhibit A. A copy of the complete audit report is available upon request from the School District's financial advisor.

UNDERWRITING

The Bonds have been sold at public sale by the School District to the Underwriters, and the Underwriters have jointly and severally agreed, subject to certain conditions, to purchase all of the Bonds at a price equal to \$_____. The successful proposal for the Bonds was submitted by _____, as representative of the Underwriters.

While the Underwriters expect, insofar as possible, to maintain a secondary market for the Bonds, no assurance can be given concerning the future maintenance of such a market by the Underwriters or others, and prospective purchasers of the Bonds should therefore be prepared to hold their Bonds to their maturity.

The Underwriters are not acting as financial advisors to the School District in connection with the offer and sale of the Bonds.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these statements have been or will be realized. Information in this Official Statement has been derived by the School District from official and other sources and is believed by the School District to be accurate and reliable. Information other than that obtained from official records of the School District has not been independently confirmed or verified by the School District and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been made orally or in writing in connection herewith is to be construed as or as a part of a contract with the original purchasers or subsequent owners of the Bonds.

Elementary School District No. 3,
Osage County, Oklahoma

/s/ Brant Garrison
President, Board of Education

ATTEST:

/s/ Jim Smith
Clerk, Board of Education

**OSAGE HILLS SCHOOL DISTRICT NO. C-3, OSAGE COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
 REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2023**

ASSETS	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS (MEMO ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST AND AGENCY FUND	GENERAL LONG-TERM DEBT	
Cash	\$ 758,895	216,235	64,436	734,250	61,881		1,835,697
Amounts available in debt service general long-term debt						4,613	4,613
						840,387	840,387
Total Assets	<u>758,895</u>	<u>216,235</u>	<u>64,436</u>	<u>734,250</u>	<u>61,881</u>	<u>845,000</u>	<u>2,680,697</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities							
Warrants payable	28,022	410					28,432
Encumbrances	213	3,169					3,382
Funds held for school organizations					61,881		61,881
Unmatured obligations			59,823				59,823
Long-term debt:							
Bonds payable						845,000	845,000
Total liabilities:	<u>28,235</u>	<u>3,579</u>	<u>59,823</u>	<u>-</u>	<u>61,881</u>	<u>845,000</u>	<u>998,518</u>
Fund balances							
Restricted for:							
Capital projects				734,250			734,250
Debt service			4,613				4,613
Building		212,656					212,656
Unassigned	730,660						730,660
Total fund balances	<u>730,660</u>	<u>212,656</u>	<u>4,613</u>	<u>734,250</u>	<u>-</u>	<u>-</u>	<u>1,682,179</u>
Total liabilities and fund balances	<u>\$ 758,895</u>	<u>216,235</u>	<u>64,436</u>	<u>734,250</u>	<u>61,881</u>	<u>845,000</u>	<u>2,680,697</u>

Exhibit "A"

OSAGE HILLS SCHOOL DISTRICT NO. C-3, OSAGE COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH
FUND BALANCES REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2023

	GOVERNMENTAL FUND TYPES				TOTALS (MEMO ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	
Revenues					
Local sources	\$ 1,011,365	140,854	70,444		1,222,663
Intermediate sources	66,858				66,858
State sources	352,673	2	1		352,676
Federal sources	608,253				608,253
Non-revenue receipts	30,934		89		31,023
Total revenues	<u>2,070,083</u>	<u>140,856</u>	<u>70,534</u>		<u>2,281,473</u>
Expenditures					
Instruction	1,189,223				1,189,223
Support services	697,795	95,622		101,500	894,917
Operation of non-instructional services	124,289				124,289
Debt service			69,706		69,706
Total expenditures	<u>2,011,307</u>	<u>95,622</u>	<u>69,706</u>	<u>101,500</u>	<u>2,278,135</u>
Revenues over (under) expenditures	58,776	-45,234	828	(101,500)	3,338
Other financing sources (uses)					
Lapsed appropriations	63				63
Bond proceeds				550,000	550,000
Total other financing sources (uses)	<u>63</u>			<u>550,000</u>	<u>550,063</u>
Revenue and other sources over (under) expenditures and other uses	58,839	-45,234	828	448,500	553,401
Cash fund balance, beginning of year	<u>671,821</u>	<u>167,422</u>	<u>3,785</u>	<u>285,750</u>	<u>1,128,778</u>
Cash fund balance, end of year	<u>\$ 730,660</u>	<u>212,656</u>	<u>4,613</u>	<u>734,250</u>	<u>1,682,179</u>

**OSAGE HILLS SCHOOL DISTRICT NO. C-3, OSAGE COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 REGULATORY BASIS - BUDGETED GENERAL FUND
 JUNE 30, 2023**

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 898,580	898,580	1,011,365
Intermediate sources	72,568	72,568	66,858
State sources	338,853	338,853	352,673
Federal sources	945,729	945,729	608,253
Non-revenue receipts			30,934
Total revenues	<u>2,255,730</u>	<u>2,255,730</u>	<u>2,070,083</u>
Expenditures			
Instruction			1,189,223
Support services			697,795
Operation of non-instructional services			124,289
Non-categorical	2,927,551	2,927,551	
Total expenditures	<u>2,927,551</u>	<u>2,927,551</u>	<u>2,011,307</u>
Revenues over (under) expenditures	(671,821)	(671,821)	58,776
Other financing sources (uses)			
Lapsed appropriations			<u>63</u>
Revenue and other sources over (under) expenditures and other uses	(671,821)	(671,821)	58,839
Cash fund balance, beginning of year	<u>671,821</u>	<u>671,821</u>	<u>671,821</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>730,660</u>

**OSAGE HILLS SCHOOL DISTRICT NO. C-3, OSAGE COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS
 JUNE 30, 2023**

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 128,260	128,260	140,854
State sources			2
Total revenues	128,260	128,260	140,856
Expenditures			
Support services			95,622
Non-categorical	295,682	295,682	
Total expenditures	295,682	295,682	95,622
Revenues over (under) expenditures	(167,422)	(167,422)	45,234
Cash fund balance, beginning of year	167,422	167,422	167,422
Cash fund balance, end of year	\$ -	-	212,656

**OSAGE HILLS SCHOOL DISTRICT NO. C-3, OSAGE COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 REGULATORY BASIS - DEBT SERVICE FUNDS
 JUNE 30, 2023**

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 65,921	65,921	70,444
State sources			1
Non-revenue receipts			89
Total revenues	<u>65,921</u>	<u>65,921</u>	<u>70,534</u>
Expenditures			
Other outlays			
Debt service	<u>69,706</u>	<u>69,706</u>	<u>69,706</u>
Revenues over (under) expenditures	(3,785)	(3,785)	828
Cash fund balance, beginning of year	<u>3,785</u>	<u>3,785</u>	<u>3,785</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>4,613</u>