

## Issuance of OSU Revenue Bonds

### BACKGROUND

The Oregon University System Board and the 2013 and 2014 Legislatures approved several Oregon State University (University) capital projects to be financed, in part, with University revenue bonds. Additionally, the University desires to finance other capital projects with University revenue bonds. Pursuant to the debt policy adopted by the University's Board of Trustees, we are seeking approval to issue \$57.5 million in University revenue bonds.

### PROJECTS TO BE FINANCED

The following are the projects that the University plans to finance with this bond sale:

#### Learning Innovation Center (LInC) – \$65 million Total Project; \$32.5 million in Revenue Bonds

*Background* - Formerly referred to as the "New Classroom Building," the Learning Innovation Center (LInC) and adjacent public plaza will accommodate the significant enrollment growth that has occurred over the past decade to meet the state's 40-40-20 goals. OSU-Corvallis enrollment has increased from approximately 17,500 student FTE to approximately 24,000 student FTE over the last 10 years. This project includes a new 4-story, 135,000 square foot building to house general purpose classrooms (up to 2,500 seats) supporting all OSU academic programs. The building will include 14 classrooms varying in size from 40 to 600 seats. The University Honors College will also be housed in the building and will utilize approximately 9,000 square feet of space. The other building user will be the OSU Institutional Instructional Resource Center. The project includes development of a new 200,000 square foot outdoor courtyard learning and study plaza.

*Project Approvals* – The Oregon University System (OUS) Board approved this project in August 2012 as a part of its 2013-15 legislative capital budget request. The 2013 Legislature authorized the \$65 million project to be financed with \$32.5 million of State-paid Article XI-G bonds and a matching \$32.5 million of University revenue bonds. The University's Board of Trustees approved the resolution for the sale of the XI-G bonds in its January meeting. Today's resolution will seek approval of the issuance of \$32.5 million of University revenue bonds.

*Project Status and Financial Impacts* – This project is approximately 70% complete and is expected to be completed on August 15, 2015. The building will not generate any specifically identifiable incremental revenues and will cause services and supplies and operation and maintenance of plant expenditures to increase by approximately \$1.22 million once the project is completed. The debt service on this portion of the bond proceeds, which will be loaned to the Education & General Fund by the Internal Bank, will be approximately \$2.2 million per year for the next 30 years. The debt service will be included in the Education & General budget for future years.

#### Real Estate Acquisition – Former Nypro Manufacturing Facility–\$5.88 million in Revenue Bonds

*Background* – The University is in the process of hiring new faculty members to support its academic and research efforts. Space for staff offices and research should be located in the core of campus or immediately adjacent to the academic core so that students have access to faculty to improve their academic success. Relocating administrative units, who can continue to effectively serve their customers at this location, and existing storage to this effective off-campus location opens opportunities in the core of the Corvallis campus for more appropriate academic and active research uses. The acquisition will result in the University's use and

operation of an existing 107,000 square foot warehouse approximately 1.5 miles from the Corvallis campus. The combined warehouse and office building will allow the University to relocate storage and administrative space uses from the central campus, while supporting more efficient use of existing space in the central campus for day-to-day academic and research uses.

*Project Approvals* – This project was included in the FY2014-15 capital plan as presented in the “Capital Planning 101” presentation to the Finance & Administration Committee in July 2014. The \$4.2 million acquisition was complete in FY2012. The \$1.68 million remodel project is under the \$5 million threshold requiring Board approval. Today’s resolution will seek approval of the issuance of \$5.88 million of University revenue bonds to reimburse the acquisition cost and fund the remodeling cost of the property.

*Project Status and Financial Impacts* – The building acquisition was completed on June 22, 2012 and remodeling is currently underway. An Internal Bank loan has provided interim funding until the bonds are issued. The facility will not generate incremental revenues and will increase operating and maintenance costs by approximately \$0.44 million per year. The debt service on this portion of the bonds, which will be loaned to the Education & General Fund by the Internal Bank, will be approximately \$0.4 million per year for the next 30 years. The debt service and the increased operating cost will be included in the Education and General budget for future years.

OSU-Cascades Expansion – \$34.38 million Total Project; \$5.43 million in Revenue Bonds

*Background* – The OSU-Cascades expansion project includes the real estate acquisition and facilities development supporting classroom, faculty offices, and student services for a new OSU-Cascades campus, allowing the campus to relocate from the Central Oregon Community College campus.

*Project Approvals* – The Oregon State Board of Higher Education approved this project in August 2012 as a part of its 2013-15 legislative capital budget request. The 2013 Legislature authorized the project to be financed with \$4.0 million in State-paid Article XI-G bonds, to be matched with \$4 million in gifts, \$4.0 million in University-paid Article XI-F(1) bonds, and \$12 million of State-paid Article XI-Q bonds. The 2014 Legislature increased funding for this project by reallocating \$3.85 million in Article XI-G bonding authority to this project, to be matched by \$3.85 million in University-paid revenue bonds. Additional funding to be used for the project consists of \$1.58 million in University-paid revenue bonds, \$.6 million in gifts, and \$.5 million in student fees. The Board approved the resolution for the sale of both the Articles XI-Q and XI-G bonds in its January 2015 meeting. Today’s resolution will seek approval of the issuance of \$5.43 million of University revenue bonds that will complete the funding for this project.

*Project Status and Financial Impacts* – The \$4.0 million in Article XI-F(1) bonds were issued in FY 2014. The real estate acquisition of 10.44 acres is complete, utilizing the Article XI-F(1) bond proceeds, \$0.6 million in gifts, and an Internal Bank loan to fund the remainder. Design work for the Phase I academic building and site infrastructure is under way; construction is expected to begin in June if the land use entitlement process is complete. This project will generate incremental revenues from new enrollments totaling approximately \$5.1 million and will cause personnel services, services and supplies, capital outlay, operation and maintenance of plant, and debt service expenditures to increase by approximately \$4.6 million in year-three of operation when the facility is expected to reach capacity. The debt service on this portion of the bonds, which will be loaned to OSU-Cascades by the Internal Bank, will be approximately

\$0.4 million per year for the next 30 years. The debt service has been included in the OSU-Cascades budget pro-formas for future years.

Space Improvement Program – \$11.0 million in Revenue Bonds

*Background* – The growth in student population at the OSU-Corvallis campus as well as a number of recent major capital investments by OSU, including the new Learning Innovation Center, Austin Hall, the renovation of Strand Agriculture Hall, key campus infrastructure improvements, and acquisition of the former Nypro Building, as OSU grows to meet state 40-40-20 goals, have necessitated the need to address a large number of space needs in the short term. Much of OSU space needs will be addressed by relocating administrative units and other functions not requiring close proximity to the campus core to periphery and off-campus locations, opening opportunities in the core of campus for more appropriate academic and active research uses. Use of periphery and off-campus space as well as re-use of core campus space (once vacated) will require significant space improvements to ten buildings as well as relocation costs for moving as many as 40 academic, research and administrative units.

*Project Approvals* – This group of space improvement and relocation projects was included as a \$10.0 million project in the FY2014-15 capital plan as presented in the “Capital Planning 101” presentation to the Finance & Administration Committee in July 2014. Updated cost projections indicate an \$11.0 million total cost. This project consists of multiple projects that are under the \$5 million threshold requiring specific Board approval. Today’s resolution will seek approval of the issuance of \$11.0 million of University revenue bonds to reimburse costs to date and provide the funding for the remainder of the project costs.

*Project Status and Financial Impacts* – Work on the various projects that comprise the total is under way, with 20% complete. An Internal Bank loan has provided interim funding until the bonds are issued. This project will not generate any identifiable incremental revenues and will not increase operation and maintenance expenditures. The debt service on this portion of the bonds, which will be loaned to the Education & General Fund by the Internal Bank, will be approximately \$0.7 million per year for the next 30 years. The debt service will be included in the Education & General budget for future years.

OSU-Cascades Long Range Development Campus Plan – \$2.0 million in Revenue Bonds

*Background* – For Oregon State University to meet the State’s 40-40-20 goal, OSU-Cascades must expand to a comprehensive 4-year university in Bend. The continuing growth of student enrollment at OSU-Cascades and the commitment to expand program offerings to freshman and sophomores beginning in September 2015 precipitated the launch of the 10.44 acre development, which includes a 45,000 sf academic building and associated 300-bed residential hall, dining facility, and international student center. It is critically important to establish a long-range development plan that shapes the fabric and creates the character of OSU-Cascades. A long-range development plan will address how the physical environment of buildings, building systems, infrastructure, and open spaces will support the identified academic program development and provide a framework for future capital funding needs. OSU-Cascades has identified a fundamental goal to be one of the first net-zero public universities in the United States. This goal will require a comprehensive planning effort to maximize the natural resources available, establish performance targets for the utilization of energy and water for university facilities, and forecast facility needs to meet academic program growth and evolving trends in educational delivery methods. The Long Range Development Plan, estimated to cost \$2.0 million, will include design, engineering, planning and capital planning. However, central to the success of the long-range development planning process will be in community engagement and land use entitlement.

*Project Approvals* – Since the total project cost is less than \$5 million, the project does not need specific Board approval. Today’s resolution will seek approval for the issuance of \$2 million of University revenue bonds to finance the project.

*Project Status and Financial Impacts* – The master planning process has not yet begun. There are no anticipated incremental revenues or costs arising from this project. The debt service on this portion of the bonds, which will be loaned to OSU-Cascades by the Internal Bank, will be approximately \$0.16 million per year for the next 30 years. Gift income from the OSU Foundation will be the source of repayment of the bonds.

The following table summarizes the information detailed above:

	Approvals			Total	Approximate	Revenue	Estimated	
Project Name	OUS Board	OSU Board	Legislature	Project Cost	Percent Complete	Bond Request	Debt Service	Repayment Source
Learning Innovation Center	Aug. 2012		2013	\$ 65,000,000	70%	\$32,500,000	\$2,164,000	Current E&G Revenues
Nypro Building Acquisition and Remodel	N/A	N/A	N/A	5,880,000	70%	5,880,000	392,000	Current E&G Revenues
OSU-Cascades Expansion	Aug. 2012	N/A	2013 & 2014	34,380,000	15%	5,430,000	362,000	Incremental Tuition & Fees
Space Improvement Program	N/A	N/A	N/A	11,000,000	20%	11,000,000	732,000	Current E&G Revenues
OSU-Cascades Long Range Plan	N/A	N/A	N/A	2,000,000	0%	2,000,000	156,500	New OSU Foundation Gifts
Totals				<u>\$ 118,260,000</u>		<u>\$56,810,000</u>	<u>\$3,806,500</u>	
Reserve for Estimated Bond Costs						690,000		
Total Issuance						<u>\$57,500,000</u>		

## EFFECT OF BOND SALE ON FINANCIAL RATIOS

The Debt Policy that the OSU Board of Trustees adopted in October 2014 requires that the impact of any University-paid debt on the five financial ratios included in the policy be reviewed prior to the issuance of University-paid debt. The following debt policy ratios were calculated based on fiscal year 2014 financial results and including the additional debt and debt service associated with the 2015 Revenue Bonds:

Debt Policy Ratios	Existing 2014	Existing 2014 adjusted (1)	Tax-Exempt 30-Year Level Debt Service (2)	Tax-Exempt 30-Year Aggregate Level Debt Service (2)
<b>Viability Ratio (balance sheet leverage ratio)</b>	<b>1.08</b>	<b>1.08</b>	<b>1.01</b>	<b>1.01</b>
<b>Primary Reserve Ratio (income statement leverage ratio)</b>	<b>43%</b>	<b>43%</b>	<b>46%</b>	<b>46%</b>
<b>Debt Burden ratio (affordability ratio)</b>	<b>3.0%</b>	<b>3.5%</b>	<b>3.9%</b>	<b>3.8%</b>
<b>Debt Service Coverage (affordability ratio)</b>	<b>4.1 x</b>	<b>3.5 x</b>	<b>3.1 x</b>	<b>3.2 x</b>
<b>Debt / Revenues (income statement leverage and affordability ratio)</b>	<b>41%</b>	<b>41%</b>	<b>47%</b>	<b>47%</b>

(1) Uses existing debt service in 2016 before new debt. The existing debt service is scheduled to increase to \$31 million in 2016 mainly due to the Article XI-F(1) Bonds issued in FY 2014.

(2) Includes new 2015 Revenue Bonds of \$57.5 million. In 2014 OSU repaid an amount of \$31,904,564 from the OUS Internal Bank. A portion of the 2015 Bonds will reimburse this amount and increase university expendable resources.

Note: The total debt used in the ratios excludes state-paid debt and includes Net Unamortized Bond Premiums (Discounts) as shown in Note 8 of OSU Financial Statements

The updated debt policy ratios were calculated based on two issuance scenarios. For the first, the ratios were calculated as if the debt was issued with level debt service over the life of the bonds. For the second, the ratios were calculated as if the debt was issued with more debt service being due in later years, to level out the aggregate debt service for the entire debt portfolio. This bond issuance has a relatively minor impact on the debt policy ratios under either scenario. Overall, the impact of this debt issuance on the debt policy ratios is minor, with the University's overall leverage remaining low and the coverage ratio staying above 3 times.

### **STAFF RECOMMENDATION**

Staff propose that the Finance & Administration Committee recommend to the Board that it adopt the Resolution provided in Attachment 1, authorizing the issuance of one or more series of general revenue bonds of the University in the aggregate principal amount not to exceed \$57.5 million for the purpose of financing the acquisition of and improvements to University facilities as shown above and to pay the cost of issuance of such bonds

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**Attachment 1**

**RESOLUTION NO. \_\_\_\_\_**

**BOARD OF TRUSTEES OF OREGON STATE UNIVERSITY**

**GENERAL REVENUE BONDS, 2015**

A RESOLUTION OF THE BOARD OF TRUSTEES OF OREGON STATE UNIVERSITY, AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF GENERAL REVENUE BONDS OF THE UNIVERSITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$57,500,000 FOR THE PURPOSE OF FINANCING THE ACQUISITION OF AND IMPROVEMENTS TO UNIVERSITY FACILITIES AND TO PAY THE COSTS OF ISSUANCE OF SUCH BONDS; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF SALE OF SUCH BONDS; AND DELEGATING AUTHORITY TO THE AUTHORIZED UNIVERSITY REPRESENTATIVE TO APPROVE THE NUMBER OF SERIES, THE SERIES DESIGNATION, FINAL PRINCIPAL AMOUNTS, DATE OF THE BONDS, DENOMINATIONS, INTEREST RATES, PAYMENT DATES, REDEMPTION PROVISIONS, AND MATURITY DATES FOR THE BONDS UNDER THE TERMS AND CONDITIONS SET FORTH HEREIN.

ADOPTED: MARCH \_\_, 2015

PREPARED BY  
PACIFICA LAW GROUP LLP  
SEATTLE, WASHINGTON

RESOLUTION NO. \_\_\_\_\_

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\* This Table of Contents is provided for reference only and does not constitute a part of this Resolution for which it is provided.



**RESOLUTION NO. \_\_\_\_\_**

**BOARD OF TRUSTEES OF OREGON STATE UNIVERSITY**

A RESOLUTION OF THE BOARD OF TRUSTEES OF OREGON STATE UNIVERSITY, AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF GENERAL REVENUE BONDS OF THE UNIVERSITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$57,500,000 FOR THE PURPOSE OF FINANCING THE ACQUISITION OF AND IMPROVEMENTS TO UNIVERSITY FACILITIES AND TO PAY THE COSTS OF ISSUANCE OF SUCH BONDS; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF SALE OF SUCH BONDS; AND DELEGATING AUTHORITY TO THE AUTHORIZED UNIVERSITY REPRESENTATIVE TO APPROVE THE NUMBER OF SERIES, THE SERIES DESIGNATION, FINAL PRINCIPAL AMOUNTS, DATE OF THE BONDS, DENOMINATIONS, INTEREST RATES, PAYMENT DATES, REDEMPTION PROVISIONS, AND MATURITY DATES FOR THE BONDS UNDER THE TERMS AND CONDITIONS SET FORTH HEREIN.

**WHEREAS**, Oregon Revised Statutes (“ORS”) 352.107(1)(b) authorizes Oregon State University (the “University”) to borrow money for the needs of the University in such amounts, at such times, and upon such terms as may be determined by the University acting through its Board of Trustees (the “Board”); and

**WHEREAS**, ORS 351.374(1) authorizes the University to issue revenue bonds for any lawful purpose of the University in accordance with ORS chapter 287A; and

**WHEREAS**, the University Debt Policy provides that the University may use debt or other financing agreements to meet its strategic objectives and, pursuant to Section V of the Debt Policy, the Board must authorize all new debt issuances; and

**WHEREAS**, the University now desires to authorize the issuance of one or more series of general revenue bonds in an aggregate principal amount not to exceed \$57,500,000 (the “Bonds”) to finance the acquisition of and improvements to University facilities and to pay costs of issuance for such bonds as provided herein; and

**WHEREAS**, the Board wishes to delegate authority to the Vice President for Finance and Administration of the University, or his or her designee (each, an “Authorized University Representative”), for a limited time, to approve the number of series, the series designation, the final principal amounts, the dated date(s), the denominations, the interest rates, the payment dates, the tax status, the redemption provisions, and the maturity dates for the bonds as provided by this Resolution;

**NOW, THEREFORE**, the Board resolves as follows:

**Section 1. Definitions and Interpretation of Terms.** As used in this Resolution, the following words shall have the following meanings, unless a different meaning clearly appears from the context:

**Additional Bonds** means bonds, leases, interest rate swaps, and other contractual obligations issued by the University and expressly secured by a pledge of General Revenues on a parity with the pledge securing the payment of the principal of and interest on the Bonds.

**Authorized University Representative** means the Vice President for Finance and Administration of the University, or his or her designee.

**Beneficial Owner** means 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 intermediary).

**Board** means the Board of Trustees of the University.

**Bond Act** means, together, chapters 287A, 351 and 352 ORS, in each case as amended from time to time.

**Bond Fund** means the special fund(s) for the payment of the principal of and interest on the Bonds as required pursuant to Section 10 hereof.

**Bond Purchase Contract** means the purchase contract relating to the Bonds between the University and the Representative.

**Bond Register** means the registration records for the Bonds maintained by the Registrar.

**Bond Registrar** means the financial institution selected by the Authorized University Representative pursuant to Section 4 of this Resolution for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds, and paying interest on and principal of the Bonds.

**Bonds** mean the Oregon State University General Revenue Bonds, 2015[\_\_\_\_], authorized to be issued by this Resolution.

**Bond Year** means each one-year period that ends on the date selected by the University. The first and last Bond Years may be short periods. If no day is selected by the University before the earlier of the final maturity date of any series of Tax-Exempt Bonds or the date that is five years after the date of issuance of any Tax-Exempt Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Tax-Exempt Bonds.

**Code** means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto, to the extent applicable to the Tax-Exempt Bonds.

**Commission** means the Securities and Exchange Commission.

**Continuing Disclosure Certificate** means the certificate of the University undertaking to provide ongoing disclosure to assist the Underwriters in complying with the Rule.

**Debt Management Agreement** means the Agreement for Debt Management among the University, the State Treasurer, the Oregon University System, the Higher Education Coordinating Commission, and Department of Administrative Services dated as of July 1, 2014, as it may be amended from time to time.

**DTC** means The Depository Trust Company of New York, as depository for the Bonds, or any successor or substitute depository for the Bonds.

**Federal Tax Certificate** means the certification of the University executed and delivered in connection with the issuance of Tax-Exempt Bonds.

**General Revenues** means tuition, charges, rents, and other operating revenue of the University, except as specifically excluded below. The following items are excluded:

- (a) Student Building Fees and Student Incidental Fees;
- (b) Grant and Contract Revenue;
- (c) Amounts required to be transferred to the State Treasurer for deposit for University-Paid State Bonds next coming due, and without duplication, amounts required to be paid to the State Treasurer for University-Paid State Bonds next coming due; and
- (d) Amounts that otherwise are restricted in their use by law, regulation, and contract.

For clarity, the University notes that moneys received by the University from taxes collected by the State and gifts are not operating revenues of the University and are therefore not included in the definition of General Revenue. Unrestricted net assets, to the extent that they were received as **General Revenues**, would be includable and available to pay obligations secured by **General Revenues**. Upon the addition or deletion of any income, revenues, or receipts from General Revenues pursuant to Section 11, this definition of General Revenues shall be deemed to be amended accordingly without further action by the University.

**Government Obligations** means direct obligations of the United States of America, obligations the principal of and interest on which are unconditionally guaranteed by the United States of America and bank certificates of deposit secured by the obligations, and bonds, debentures, notes, certificates of participation or other obligations issued by a federal agency or other instrumentality of the federal government.

**Grant and Contract Revenue** means revenue from grants and contracts, whether restricted or unrestricted, including for illustrative purposes the following items identified in the University's financial statements: federal grants and contracts, state and local grants and contracts, and nongovernmental grants and contracts.

**Letter of Representations** means the Blanket Letter of Representations from the University to DTC.

**Net Proceeds**, when used with reference to any series of Tax-Exempt Bonds, means the principal amount of such Tax-Exempt Bonds, plus accrued interest and original issue premium, if any, and less original issue discount, if any.

**Official Statement** means the Official Statement of the University pertaining to the sale of the Bonds, in either preliminary or final form.

**ORS** means the Oregon Revised Statutes, as now in existence or hereafter amended, or any successor codification of the laws of the State.

**Private Person** means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

**Private Person Use** means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at public meetings or business rental of property to the Private Person on a short-term basis in accordance with regulations under the Code if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

**Project Fund** means the fund or account designated by the Authorized University Representative for the deposit of Bond proceeds, including any account or subaccounts therein authorized to be created pursuant to Section 8 of this Resolution for the purpose of holding a portion of the proceeds of the Bonds.

**Projects** have the meaning given in Section 2 of this Resolution.

**Registered Owner** means the person in whose name a Bond is registered on the Bond Register. For so long as the University utilizes the book-entry system for the Bonds, DTC shall be deemed to be the Registered Owner.

**Representative** means Citigroup Global Markets Inc. as representative of the Underwriters under the Bond Purchase Contract.

**Resolution** means this Resolution authorizing the issuance of the Bonds, adopted by the Board.

**Rule** means the Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**State** means the State of Oregon.

**State Treasurer** means the Treasurer of the State.

**Student Building Fee** means the separate fee charged by the Board to students for the use of buildings, structures and projects under the Board's control. The Student Building Fee is in addition to tuition and other fees charged to students.

**Student Incidental Fee** means the separate fee charged by the Board to students pursuant to a request by the recognized student government under a process established by the student government. The recognized student government allocates the Student Incidental Fees collected for purposes pursuant to the process established by the student government.

**Taxable Bonds** means any Bonds determined to be issued on a taxable basis pursuant to Section 14.

**Tax-Exempt Bonds** mean any Bonds determined to be issued on a tax-exempt basis under the Code pursuant to Section 14.

**Underwriters** mean Citigroup Global Markets Inc., Morgan Stanley & Co. LLC, and any other firm that may be selected by the Authorized University Representative.

**University** means Oregon State University, a public university of the State, the main campus of which is located at Corvallis, Oregon.

**University-Paid State Bonds** means the payments to be made by the University representing its share of debt service to be paid when due on bonds or other obligations issued by the State for the benefit of the University established by the schedule of outstanding state bonds prepared under ORS 351.379(3) and evidenced by the Debt Management Agreement entered into pursuant to ORS 352.135(2).

**Vice President for Finance and Administration** means the Vice President for Finance and Administration of the University or the successor to such officer.

**Interpretation.** In this Resolution, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Resolution, refer to this Resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this Resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and sections of this Resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect; and

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Findings; Authorization of Projects. The Board hereby finds that it is in the public interest for the University to issue the Bonds to finance a portion of the costs of acquiring, developing, constructing, improving, and equipping facilities owned by the University (collectively, the “Projects”).

Section 3. Authorization of Bonds and Description of Bonds. For the purpose of paying and/or reimbursing the University for all or a portion of the costs of the Projects and paying costs of issuing the Bonds, the Board hereby authorizes the sale and issuance of general revenue bonds (the “Bonds”). The Bonds shall be general revenue bonds of the University; shall be designated the “Oregon State University General Revenue Bonds, 2015[\_\_\_\_]”, with such additional series designation or other designation as determined to be necessary by the Authorized University Representative; shall be dated as of their date of delivery; shall be fully registered as to both principal and interest; shall be in the denomination of \$5,000 each, or any integral multiple thereof, provided that no Bond shall represent more than one maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; and shall bear interest from their date payable on the dates and at rates set forth in the Bond Purchase Contract; and shall mature on the dates and in the principal amounts set forth in the Bond Purchase Contract and as approved by the Authorized University Representative pursuant to Section 14. The Bonds of any of the maturities may be combined and issued as term bonds, subject to mandatory redemption as provided in the Bond Purchase Contract.

Section 4. Registration, Transfer and Payment of Bonds.

(a) *Bond Registrar/Bond Register.* The Authorized University Representative is hereby authorized to appoint as Bond Registrar a bank or trust company qualified by law to perform the duties described herein. The University shall cause a Bond Register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its principal corporate trust office. The Bond Registrar may be removed at any time at the option of the Authorized University Representative upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Authorized University Representative. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the University, to

authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this Resolution and to carry out all of the Bond Registrar's powers and duties under this Resolution. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication of the Bonds.

(b) *Registered Ownership.* The University and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in any University Continuing Disclosure Certificate), and neither the University nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4(h) hereof, but such Bond may be transferred as herein provided. All such payments made as described in Section 4(h) shall be valid and shall satisfy and discharge the liability of the University upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letters of Representations.* The Bonds initially shall be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Bonds as eligible for deposit at DTC, the University has executed and delivered to DTC a Blanket Issuer Letter of Representations. Neither the University nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this Resolution (except such notices as shall be required to be given by the University to the Bond Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in fully-immobilized form hereunder, DTC, its nominee or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

If any Bond shall be duly presented for payment and funds have not been duly provided by the University on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Authorized University Representative pursuant to subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Authorized University Representative to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Authorized University Representative may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds of a series, together with a written request on behalf of the Authorized University Representative, issue a single new Bond for each maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Authorized University Representative.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Authorized University Representative determines that it is in the best interest of the Beneficial Owners of the Bonds that such owners be able to obtain such bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully-immobilized form. The Authorized University Representative shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds of a series together with a written request on behalf of the Authorized University Representative to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity, and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity, and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding any interest payment or principal payment date any such Bond is to be redeemed.

(f) *Bond Registrar's Ownership of Bonds.* The Bond Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its



officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) *Registration Covenant.* The University covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Bonds are in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the fifteenth day of the month preceding the interest payment date, or upon the written request of a Registered Owner of more than \$1,000,000 of Bonds (received by the Bond Registrar at least 15 days prior to the applicable payment date), such payment shall be made by the Bond Registrar by wire transfer to the account within the continental United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar.

#### Section 5. Redemption and Purchase.

(a) *Mandatory Redemption of Term Bonds and Optional Redemption, if any.* The Bonds of a series shall be subject to optional redemption on the dates, at the prices and under the terms set forth in the Bond Purchase Contract approved by the Authorized University Representative pursuant to Section 14 of this Resolution. The Bonds of a series shall be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract and as approved by the Authorized University Representative pursuant to Section 14 of this Resolution.

(b) *Purchase of Bonds.* The University reserves the right to purchase any of the Bonds offered to it at any time at a price deemed reasonable by the Authorized University Representative.

(c) *Selection of Bonds for Redemption.* For as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Bonds are no longer held in book-entry only form, the selection of such Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c) or otherwise as provided in the Bond Purchase Contract. Except as otherwise provided in the Bond Purchase Contract, if the University redeems at any one time fewer than all of the Bonds having the same series and maturity date, the particular Bonds or portions of Bonds of such series and maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the University and the Bond Registrar shall treat each Bond as representing such number of separate Bonds each of the

denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the principal office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like maturity and interest rate in any of the denominations herein authorized.

(d) *Notice of Redemption.*

(1) Official Notice. For so long as the Bonds are held in book-entry only form, notice of redemption (which notice may be conditional on the receipt of sufficient funds for redemption or otherwise) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the University nor the Bond Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the Bonds are no longer held in book-entry only form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which redemption may be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption or otherwise) shall be given by the Bond Registrar on behalf of the University by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

- (A) the redemption date;
- (B) the redemption price;
- (C) if fewer than all outstanding Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- (D) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;
- (E) any conditions to redemption; and
- (F) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

On or prior to any redemption date, unless such redemption has been rescinded, the University shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. The University retains the right to rescind any redemption notice and the related optional redemption of Bonds by giving notice of rescission to the affected registered owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so

rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

(2) Effect of Notice; Bonds Due. If an unconditional notice of redemption has been given as aforesaid, or if the conditions to redemption have been satisfied or waived, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

(3) Additional Notice. In addition to the foregoing notice, further notice shall be given by the University as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to any University Continuing Disclosure Certificate and to the Underwriters and with such additional information as the University shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(4) Amendment of Notice Provisions. The foregoing notice provisions of this Section 5, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended without the consent of owners of the Bonds in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 6. Form of the Bonds. The Bonds shall be in substantially the following form, with appropriate or necessary insertions, depending upon the omissions and variations as permitted or required hereby:

[DTC LANGUAGE]

UNITED STATES OF AMERICA

NO. \_\_\_\_\_

\$ \_\_\_\_\_

OREGON STATE UNIVERSITY  
GENERAL REVENUE BONDS, 2015[\_\_\_\_] [TAXABLE] [TAX-EXEMPT]

INTEREST RATE: %

MATURITY DATE:

CUSIP NO.:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

Oregon State University (the “University”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount specified above, unless redeemed prior thereto as provided herein, together with interest on such Principal Amount from \_\_\_\_\_, 20\_\_\_\_, or the most recent date to which interest has been paid or duly provided for, at the Interest Rate set forth above payable \_\_\_\_\_ 1, 20\_\_\_\_, and semiannually thereafter on each \_\_\_\_\_ 1 and \_\_\_\_\_ 1 until payment of the principal sum has been made or duly provided for. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company (“DTC”) referred to in the Blanket Issuer Letter of Representations (the “Letter of Representations”) from the University to DTC.

This bond is one of an authorized issue of general revenue bonds of the University of like date and tenor, except as to number, interest rate and date of maturity, in the aggregate principal amount of \$\_\_\_\_\_, issued pursuant to Resolution No. \_\_\_\_\_ of the University, passed on \_\_\_\_\_, 2015 (the “Bond Resolution”), to finance and/or reimburse the University for costs of acquiring, developing, constructing, improving and equipping facilities owned or operated by the University and to pay costs of issuance of the Bonds, as further provided in the Bond Resolution. [Pursuant to the Bond Resolution, the University also has authorized the issuance of its General Revenue Bonds, 2015[\_\_\_\_](Taxable)] in the aggregate principal amount of \$\_\_\_\_\_ for this purpose.]

The bonds of this issue are subject to redemption prior to their stated maturities as provided in the Bond Resolution.

This bond is payable solely from General Revenues of the University, and the University does hereby pledge and bind itself to set aside from such General Revenues, and to pay into the Bond Fund described in the Bond Resolution the various amounts required by the Bond Resolution to be paid into and maintained in such Bond Fund, all within the times provided by the Bond Resolution.

[The bonds of this issue are not private activity bonds and are not “qualified tax exempt obligations” eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.]

Reference is made to the Bond Resolution as more fully describing the covenants with and the rights of Registered Owners of the bonds or registered assigns and the meanings of capitalized terms appearing on this bond which are defined in such Resolution.

The issuance of the Bonds has been authorized by the Bond Resolution duly adopted by the University pursuant to the laws of the State of Oregon. This Bond shall not constitute or

become an indebtedness, or a debt or liability of the State of Oregon, the Legislative Assembly of the State of Oregon, or any county or city, or other subdivision of the State of Oregon or of any other political subdivision or body corporate and politic within the State of Oregon (other than the University, but only to the extent provided in the Bond Resolution ) and neither the State of Oregon, the Legislative Assembly of the State of Oregon, nor any county or city or other subdivision of the State of Oregon (other than the University, but only to the extent provided in the Bond Resolution), shall be liable hereon; nor shall this Bond constitute the giving, pledging or loaning of the faith and credit of the State of Oregon, the Legislative Assembly of the State of Oregon, or any county or city, or other subdivision of the State of Oregon or of any other political subdivision or body corporate and politic within the State of Oregon but shall be payable solely from the funds pledged herefor. Neither the State of Oregon, the Legislative Assembly of the State of Oregon, any political subdivision or body corporate and politic within the State of Oregon other than the University shall in any event be liable for the payment of the principal of, premium, if any, or interest on this Bond or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever undertaken by the University. No breach of any such pledge, obligation or agreement shall impose any pecuniary liability upon the State of Oregon or any charge upon its general credit or against its taxing power. The University has no taxing powers. The issuance of this Bond shall not, directly or indirectly or contingently, obligate the State of Oregon, or any political subdivision of the State of Oregon, nor empower the University to levy or collect any form of taxes or assessments therefor or to create any indebtedness payable out of taxes or assessments or make any appropriation for the payment of this Bond and such appropriation or levy is prohibited. Nothing in the Act shall be construed to authorize the University to create a debt of the State of Oregon within the meaning of the Constitution or statutes of the State of Oregon.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

It is hereby certified, recited and represented that the issuance of this bond and the Bonds of this issue is duly authorized by law; that all acts, conditions and things required to exist and necessary to be done or performed precedent to and in the issuance of this bond and the Bonds of this issue to render the same lawful, valid and binding have been properly done and performed and have happened in regular and due time, form and manner as required by law; that all acts, conditions and things necessary to be done or performed by the University or to have happened precedent to and in the execution and delivery of the Bond Resolution have been done and performed and have happened in regular and due form as required by law; that due provision has been made for the payment of the principal of and premium, if any, and interest on this bond and the Bonds of this issue and that the issuance of this bond and the Bonds of this issue does not contravene or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, Oregon State University has caused this bond to be executed and delivered with the manual or facsimile signatures of the Chair and Secretary of the Board of Trustees or the Vice President for Finance and Administration of the University.

OREGON STATE UNIVERSITY

(SEAL)

By \_\_\_\_\_  
Chair, Board of Trustees

By \_\_\_\_\_  
Secretary, Board of Trustees or  
Vice President for Finance and Administration

The Certificate of Authentication for the Bonds shall be in substantially the following form and shall appear on each Bond:

**AUTHENTICATION CERTIFICATE**

This bond is one of the Oregon State University General Revenue Bonds, 2015[\_\_\_] described in the within-mentioned Bond Resolution.

Registrar

By \_\_\_\_\_  
Authorized Signatory

Date \_\_\_\_\_

Section 7. Execution of the Bonds. The Bonds of each series shall be executed on behalf of the University with the manual or facsimile signature of the Chair of the Board and shall be attested by the manual or facsimile signature of the Secretary of the Board or the Vice President for Finance and Administration of the University.

Only Bonds that bear a Certificate of Authentication substantially in the form set forth in Section 6, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered and are entitled to the benefits of this Resolution.

In case either of the officers of the University who shall have executed the Bonds shall cease to be such officer or officers of the University before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the University, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the University as though those who signed the same had continued to be such officers of the University. Any Bond may also be signed and attested on behalf of the University by such persons as at the actual date of execution of such Bond shall be the proper officers of the University although at the original date of such Bond any such person shall not have been such officer.

Section 8.     Disposition of Bond Proceeds. The Authorized University Representative is hereby authorized and directed to create one or more special funds or accounts of the University (collectively the “Project Fund”). The proceeds of the Bonds shall be paid into the Project Fund. The money on deposit in the Project Fund shall be utilized to pay or reimburse the University for costs of the Projects and costs incidental thereto, and for costs of issuance for the Bonds, to the extent designated by the Authorized University Representative.

All or part of the proceeds of the Bonds may be temporarily invested in or with such institutions or in such obligations as may now or hereafter be permitted to the University.

In the event that it shall not be possible or practicable to accomplish all of the Projects, the University may apply the proceeds of the Bonds to pay the costs of such portion thereof or such other projects as the Authorized University Representative shall determine to be in the best interests of the University.

Any part of the proceeds of the Bonds remaining in the Project Fund after all costs referred to in this section have been paid may be used to acquire, construct, equip and make other improvements to the facilities of the University subject to the limitations of this Resolution or may be transferred to the Bond Fund for the uses and purposes therein provided, subject to any applicable limitations set forth in the Federal Tax Certificate.

Section 9.     Tax Covenants. The University covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on any Tax-Exempt Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on such Tax-Exempt Bonds.

(a)     *Arbitrage Covenant.* Without limiting the generality of the foregoing, the University covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Tax-Exempt Bonds or any other funds of the University which may be deemed to be proceeds of any Tax-Exempt Bonds pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the dates of delivery of the Tax-Exempt Bonds to the initial purchasers thereof, would have caused the Tax-Exempt Bonds to be treated as “arbitrage bonds” within the meaning of such term as used in Section 148 of the Code. The University will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Tax-Exempt Bonds.

(b)     *Private Person Use Limitation for Tax-Exempt Bonds.* The University covenants that for as long as any Tax-Exempt Bonds are outstanding, it will not permit:

(1)     More than 10% of the Net Proceeds of the Tax-Exempt Bonds to be allocated to any Private Person Use; and

(2)     More than 10% of the principal or interest payments on the Tax-Exempt Bonds in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to

be used for any Private Person Use, or (B) derived from payments (whether or not made to the University) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The University further covenants that, *if*:

(3) More than five percent of the Net Proceeds of the Tax-Exempt Bonds are allocable to any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Tax-Exempt Bonds in a Bond Year are (under the terms of this Resolution or any underlying arrangement) directly or indirectly:

(A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or

(B) derived from payments (whether or not made to the University) in respect of property, or borrowed money, used or to be used for any Private Person Use,

*then*, (i) any Private Person Use of the Projects described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the Projects funded by the proceeds of the Bonds, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Tax-Exempt Bonds allocable to the state or local governmental use portion of the Projects to which the Private Person Use of such portion of the Projects funded by the proceeds of the Tax-Exempt Bonds relate. The University further covenants that it will comply with any limitations on the use of the Projects funded by the proceeds of the Tax-Exempt Bonds by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the Tax-Exempt Bonds.

(c) *Modification of Tax Covenants.* The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bonds. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof upon receipt of an opinion of the University's bond counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Bonds.

(d) *No Designation under Section 265(b).* The University does not designate the Tax-Exempt Bonds issued pursuant to this Resolution as "qualified tax-exempt obligations" for investment by financial institutions under Section 265(b) of the Code.

Section 10. Bond Fund. The Bonds shall be general revenue obligations of the University, payable from General Revenues and secured as provided herein. The University hereby establishes a special fund of the University designated as the "Bond Fund", which may consist of one or more funds or account established or maintained for this purpose. The University covenants to deposit into the Bond Fund from General Revenues on or prior to each



interest payment date, redemption date and maturity date an amount sufficient to pay the interest on the Bonds then coming due and the principal of the Bonds maturing or subject to redemption and redemption premium, if any. Such payments shall be made in sufficient time to enable the Bond Registrar to pay interest on and/or principal of and redemption price of the Bonds to the Registered Owners, when due. Net income earned on investments in the Bond Fund, if any, shall be deposited in the Bond Fund.

Section 11. Sources of Security.

(a) *Pledge of General Revenues.* The Bonds shall be payable solely from and secured by a pledge of General Revenues and the money and investments deposited into the Bond Fund. The Bonds shall not constitute an indebtedness or obligation of the State, and are not a charge upon revenue or property of the State. The Registered Owners of the Bonds shall have no right to require the State, nor has the State any obligation or legal authorization, to levy any taxes or appropriate or expend any of its funds for the payment of the principal thereof or the interest or any premium thereon. The University has no taxing power.

The University hereby pledges General Revenues to the payment of the principal of and interest on the Bonds when due. The Bonds shall be equally and ratably payable from and secured by a pledge of General Revenue, without preference, priority or distinction because of date of issue or otherwise from General Revenues.

Pursuant to ORS 287A.310, this pledge shall be valid and binding from the time of the adoption of this Resolution. The amounts so pledged and hereafter received by the University shall immediately be subject to the lien of this pledge without any physical delivery, filing or any other act. Except as provided in this Resolution, the lien of this pledge shall be superior to all other claims and liens whatsoever to the fullest extent permitted by ORS 287A.310.

(b) *Pari Passu with University-Paid State Bonds.* The Bond Act provides for full payment of State debt obligations evidenced by the University's obligations to make University-Paid State Bonds from legally available funds. On and after the date that amounts are transferred to the State Treasurer for deposit to be credited against the University-Paid State Bonds next coming due, and on and after the date amounts, if any, are paid to the State Treasurer to pay without duplication University-Paid State Bonds next coming due, such amounts are no longer part of the definition of General Revenues available to pay the principal of and interest on the Bonds. Until such date, the University-Paid State Bonds are payable on a *pari passu* basis with the Bonds subject to and to the extent provided in the Bond Act.

(c) *All Bonds Have Equal Claim on General Revenues.* The Bonds and any Additional Bonds shall be equally and ratably payable, without preference, priority or distinction because of date of issue or otherwise from General Revenues.

(d) *Additions to General Revenues.* The University reserves the right to include in General Revenues, at its sole option, in the future, other sources of revenue or income excluded in the definition of General Revenues. The addition of General Revenues shall be evidenced by a certificate executed by the Authorized University Representative identifying the items to be added. To the extent required under the Continuing Disclosure Certificate of the University, the

University will file notice regarding any addition of General Revenues consistent with the requirements of Rule 15c2-12 and the applicable Continuing Disclosure Certificate.

(e) *Deletions from General Revenues.* The University reserves the right to remove, at its sole option, in the future, any revenues from General Revenues, so long as no more than 10% of General Revenues (based on the University's most recent audited financial statements) are removed in any fiscal year. The removal of General Revenues shall be evidenced by a certificate executed by the Authorized University Representative identifying the items to be deleted. To the extent required under the Continuing Disclosure Certificate of the University, the University will file notice regarding any removal of General Revenues consistent with the requirements of Rule 15c2-12 and the applicable Continuing Disclosure Certificate.

(f) *Additional Bonds.* The University shall have the right to issue one or more series of Additional Bonds for University purposes as permitted under the Bond Act or otherwise under State law. The University reserves the right to issue obligations payable from or secured by a pledge of General Revenues that is subordinate to the pledge and lien on General Revenues as set forth in Section 11(a) of this Resolution for the Bonds and any Additional Bonds to the extent permitted under the Bond Act or otherwise under State law. Nothing herein shall restrict the University's right to enter into obligations in connection with University-Paid State Bonds or any other obligations that are not secured by a pledge of General Revenues.

(g) *Refunding Bonds.* The University shall have the right to issue bonds, including Additional Bonds, to refund or advance refund any Bonds or other obligations as permitted under the Bond Act or otherwise under State law.

Section 12. Covenant of the University. So long as any Bonds are Outstanding, the University covenants to pay or cause to be paid the principal of and the interest on all outstanding Bonds on the dates, at the places, from the sources of funds and in the manner, all as provided herein.

Section 13. Defeasance. In the event that the University, in order to effect the payment, retirement or redemption of any Bond, sets aside in the Bond Fund or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this Resolution except the right to receive payment of principal, premium, if any, and interest from the Bond Fund or such special account, and such Bond shall be deemed to be not outstanding under this Resolution.

The University shall give written notice of defeasance to the owners of all Bonds so provided for within 20 days of the defeasance and to each party entitled to receive notice in accordance with any related Continuing Disclosure Certificate.

Section 14. Sale of the Bonds; Official Statement.

(a) The Board has determined that it would be in the best interest of the University to delegate to the Authorized University Representative for a limited time the authority to approve the final interest rates, maturity dates, redemption terms and principal maturities for the Bonds. The Authorized University Representative may also determine whether the Bonds shall be issued in one or more series and to determine whether the Bonds (or the Bonds of a series) shall be issued as Taxable Bonds or Tax-Exempt Bonds.

(b) The Bonds shall be sold to the Underwriters pursuant to the terms of one or more Bond Purchase Contracts. Subject to the terms and conditions set forth in this Section 14, the Authorized University Representative is hereby authorized to enter into such Bond Purchase Contracts for the issuance and sale of the Bonds in one or more series upon the approval by the Authorized University Representative of the final interest rates, maturity dates, aggregate principal amounts, principal maturities, and redemption rights set forth therein for the Bonds in accordance with the authority granted by this section so long as:

- (1) the aggregate principal amount of the Bonds does not exceed \$57,500,000;
- (2) the final maturity date for the Bonds is no later than April 1, 2045; and
- (3) the true interest cost for the Bonds (in the aggregate) does not exceed 5.25%.

(c) *Report to Board; Expiration of Authority.* Following the sale of the Bonds, the Authorized University Representative shall provide a report to the Board, describing the final terms of the Bonds approved pursuant to the authority delegated in this section.

The authority granted to the Authorized University Representative by this Section 14 shall expire December 31, 2015. If a Bond Purchase Contract has not been accepted by such date, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by resolution of the Board. The resolution re-authorizing the issuance and sale of such Bonds may be in the form of a new resolution repealing this Resolution in whole or in part or may be in the form of an amendatory resolution approving a bond purchase contract or establishing terms and conditions for the authority delegated under this Section 14.

(d) *Delivery of Bonds; Documentation.* Upon the passage and approval of this Resolution, the proper officials of the University, including the Authorized University Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the Underwriters and further to execute and deliver all closing certificates and documents required to effect the closing and delivery of the Bonds.

(e) *Preliminary and Final Official Statements.* The Authorized University Representative is authorized to ratify and to approve for purposes of the Rule, including compliance with Section (b)(1) of the Rule, on behalf of the University, an Official Statement for each series (and any preliminary Official Statement) and any supplement thereto relating to the

issuance and sale of each series of the Bonds and the distribution of each series of the Bonds pursuant thereto with such changes, if any, as may be deemed by him or her to be appropriate.

Section 15. Undertaking to Provide Ongoing Disclosure. The Authorized University Representative is authorized to, in his or her discretion, execute and deliver one or more Continuing Disclosure Certificates in order to assist the Underwriters for Bonds in complying with Section (b)(5) of the Rule.

Section 16. Establishment of Additional Accounts and Subaccounts. The University reserves the right, to be exercised in its sole discretion, to establish such additional accounts within the funds established pursuant to this Resolution, and subaccounts within such accounts, as it deems necessary or useful for the purpose of identifying more precisely the sources of payments herein and disbursements therefrom; provided that the establishment of any such account or subaccount does not alter or modify any of the requirements of this Resolution with respect to a deposit or use of money or result in commingling of funds not permitted hereunder.

Section 17. Lost or Destroyed Bonds. If any Bonds are lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like amount, maturity and tenor to the Registered Owner upon the owner paying the expenses and charges of the Bond Registrar and the University in connection with preparation and authentication of the replacement Bond or Bonds and upon his or her filing with the Bond Registrar and the University evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of his or her ownership, and upon furnishing the University and the Bond Registrar with indemnity satisfactory to both.

Section 18. No Recourse Against Individuals. No Registered Owner shall have any recourse for the payment of any part of the principal of, premium, if any, or redemption price, if any, of or interest on the Bonds, or for the satisfaction of any liability arising from, founded upon, or existing by reason of, the issuance or ownership of such Bonds against any past, present or future officer, director, trustee, employee or agent of the University or any past, present or future officer, director, trustee or member of the Board in their individual capacities.

Section 19. General Authorization; Ratification of Prior Acts. The Chair of the Board and Authorized University Representative, and other appropriate officers of the University are authorized to take any actions and to execute and deliver documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this Resolution. All acts taken pursuant to the authority of this Resolution but prior to its effective date are hereby ratified.

Section 20. Severability. If any provision in this Resolution is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this Resolution and shall in no way affect the validity of the other provisions of this Resolution or of the Bonds.

Section 21. Amendments. This Resolution may be amended or supplemented by a supplemental resolution without the consent of any Beneficial Owner or Registered Owner for

any one or more of the following purposes:

- A. To cure any ambiguity or formal defect or omission in this Resolution;
- B. To add to the covenants and agreements of the University in this Resolution, other covenants and agreements to be observed by the University that are not contrary to or inconsistent with this Resolution as in effect;
- C. To authorize issuance of Additional Bonds or subordinate obligations payable from or secured by General Revenues;
- D. To modify, amend or supplement this Resolution or any supplemental resolution to qualify under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of any Bonds for sale under the securities laws of any of the states of the United States of America;
- E. To modify, alter, amend or supplement this Resolution in such manner as shall preserve the tax-exempt status of interest on the Tax-Exempt Bonds originally issued on tax-exempt basis;
- F. To confirm, as further assurance, any pledge or lien created under this Resolution;
- G. To make any change that, in the reasonable judgment of the University, does not materially and adversely affect the rights of the Beneficial Owners or Registered Owners of any outstanding Bonds; or
- H. To modify any of the provisions of the Bond Authorization or any supplemental resolution in any other respect whatever, as long as the modification shall take effect only after all affected outstanding Bonds cease to be outstanding.

This Resolution may be amended or supplemented for any other purpose only upon consent of the Registered Owners of not less than fifty one percent (51%) in aggregate principal amount of the Bonds outstanding; provided, however, that no amendment shall be valid without the consent of the Registered Owners of 100 percent (100%) of the aggregate principal amount of the Bonds outstanding that: extends the maturity of any Bond, reduces the rate of interest upon any Bond, extends the time of payment of interest on any Bond, reduces the amount of principal payable on any Bond, or reduces any premium payable on any Bond, without the consent of the affected Registered Owner; or reduces the percent of Registered Owners required to approve amendments to the Resolution.

Section 22. Benefit of Resolution. The covenants and agreements in this Resolution regarding the Bonds are made for the benefit of the Beneficial Owners of the Bonds and shall be enforceable by those Beneficial Owners.

Section 23. Effective Date. This Resolution shall take effect immediately upon adoption by the Board.

Moved by \_\_\_\_\_

Seconded by \_\_\_\_\_

Dated this \_\_\_\_\_ day of March, 2015.

**CERTIFICATE**

I, the undersigned, Secretary of the Board of Trustees (the “Board”) of Oregon State University (the “University”) and keeper of the records of the Board of the University, DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. \_\_\_\_\_ of the University (herein called the “Resolution”), as finally passed at a regular meeting of the Board of the University held on the \_\_\_\_ day of March, 2015, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Board was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the passage of said Resolution; that all other requirements and proceedings incident to the proper adoption or passage of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the University this \_\_\_\_ of March, 2015.

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Secretary