

Resolutions Requesting and Consenting to the Issuance of State General Obligation Bonds

Staff is requesting that the OSU Board of Trustees' Finance and Administration Committee recommend to the Board that it approve resolutions authorizing the State Treasurer to refund previous State borrowings that funded University projects to achieve debt service savings and to issue new money State borrowings to fund University projects currently underway.

REFUNDING BOND SALE

When the University separated from the Oregon University System (OUS), the University entered into a Debt Management Agreement with the State to make the required debt service payments on the general obligation bonds that were issued by the State Treasurer on behalf of OUS to fund University capital investments. The current low interest rate market provides an opportunity for the State Treasurer to refund a portion of those outstanding general obligation bonds and realize present value savings on the future debt service payments to be made by the University pursuant to the Debt Management Agreement. The refunding bond sale is currently scheduled for February 2, 2015.

Refunding Bond Sale Resolution

RESOLUTION BOARD OF TRUSTEES OF OREGON STATE UNIVERSITY

A RESOLUTION OF THE BOARD OF TRUSTEES OF OREGON STATE UNIVERSITY REQUESTING AND CONSENTING TO THE ISSUANCE OF STATE GENERAL OBLIGATION BONDS TO REFUND BONDS ISSUED FOR THE BENEFIT OF THE UNIVERSITY; DELEGATING AUTHORITY WITH RESPECT TO THESE MATTERS; RATIFYING AND APPROVING PAST DECISIONS AND ACTIONS; AND AUTHORIZING MATTERS RELATED THERETO.

WHEREAS, bonds or other obligations of the State of Oregon (the "State") have been issued for the benefit of Oregon State University (the "University") as permitted by law (each a "State Borrowing"); and

WHEREAS, the University has entered into an Agreement for Debt Management (the "Debt Management Agreement") as of July 1, 2014, by and among the State, acting by and through its Office of the State Treasurer (the "State Treasurer"), the Higher Education Coordinating Commission, the Department of Administrative Services ("DAS"), and the Oregon University System with respect to State Borrowings; and

WHEREAS, Section 9 of the Debt Management Agreement provides that the State Treasurer may refund any State Borrowings whenever the State Treasurer determines it is in the best interests of the State to do so, that the University may request in writing that the State Treasurer refund State Borrowings to achieve debt service savings or to modify terms as requested by the University, and that the State Treasurer may amend the schedule of University

payments pursuant to ORS 351.379(3) (the "Schedule") to reflect the University's *pro rata* share of the resulting debt service changes under certain circumstances; and

WHEREAS, it is appropriate for this Board to request and therefore authorize the State Treasurer, and as applicable request that DAS request and therefore authorize the State Treasurer, to issue bonds to refund State Borrowings within the current biennium without requiring further action of this Board; and

WHEREAS, the Board hereby determines that it is in the best interests of the University to refund State Borrowings to achieve debt service savings or to modify terms as requested by the University, and that it is in the best interests of the University to amend the Schedule to reflect the University's *pro rata* share of the resulting debt service changes in certain circumstances; and

WHEREAS, the Board now desires to delegate to the Vice President for Finance and Administration of the University, or his or her designee, the authority to request that a State Borrowing be refunded, to consent to or approve that a State Borrowing be refunded, within the current biennium and to consent to or approve amendments to the Schedule where applicable;

NOW, THEREFORE, the Board resolves as follows:

1. Refunding State Borrowings. The Vice President for Finance and Administration of the University or his or her designee (the "Authorized University Representative") is hereby authorized to request that State Borrowings be defeased, prepaid, or refunded to achieve debt service savings or to modify terms of the State Borrowings, and to request the issuance of State Borrowings for such purposes, as determined by the Authorized University Representative. The Authorized University Representative is further authorized to consent to the defeasance, prepayment or refunding of State Borrowings, and to consent to or approve amendments to the Schedule to reflect the University's *pro rata* share of the resulting debt service changes, as applicable, from time to time as determined by the Authorized University Representative. The authorization under this Section shall be effective through June 30, 2015.

2. Tax-Exempt Status. The Authorized University Representative is hereby authorized to covenant, on behalf of the University, to comply with the provisions of the Internal Revenue Code of 1986, as amended, that are required or desirable for interest on tax-exempt State Borrowings to be excluded from gross income for federal income taxation purposes, for State Borrowings that are issued on a tax-exempt basis and to execute and deliver such agreements, documents or certificates required or desirable for such State Borrowings to be issued on a tax-exempt basis.

3. Ratification and Approval of Actions. The Board hereby ratifies and approves all prior actions taken on behalf of the Board and the University related to the defeasance, prepayment or refunding of State Borrowings. The Board hereby authorizes, empowers, and directs the Authorized University Representative to take further actions as may be necessary or desirable related to the defeasance, prepayment or refunding of State Borrowings, including without limitation (i) covenanting to perform on behalf of the University, and performing, any actions necessary or desirable to comply with requests from the State Treasurer authorized under ORS chapter 286A to administer the State Borrowings, (ii) the execution and delivery of amendments to the Schedule and such other agreements, documents or certificates, including any loan, grant or trust agreements with the State Treasurer and any other party as may be

necessary or desirable to carry out the defeasance, prepayment or refunding of State Borrowings, and (iii) to take such other actions as are necessary or desirable for the purposes and intent of this resolution.

4. Effective Date. This resolution shall take effect immediately upon adoption by the Board.

Dated this _____ day of January, 2015.

NEW MONEY BOND SALE

The 2013 and 2014 Legislatures authorized several University projects to be financed by State-paid Article XI-G and State-paid Article XI-Q State general obligation bonds to be issued by the State Treasurer on behalf of the University. The Article XI-Q “new money” bonds are scheduled to be sold March 2, 2015. The Article XI-G “new money” bonds are scheduled to be sold May 11, 2015. The projects that will be financed in part from the proceeds of these bond sales are:

OSU-Cascades Expansion

This 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 COCC campus. The State Treasurer will issue \$12.0 million of State-paid Article XI-Q bonds and \$7.85 million of State-paid Article XI-G bonds as a part of the \$31.835 million project.

Strand Ag Hall

The project is a comprehensive renovation of OSU’s historic Stand Agricultural Hall on the Corvallis campus. Improvements include enhanced seismic resilience; fire and life safety, and other building code upgrades; significant building and site accessibility measures; and energy efficiency improvements. The building will house the College of Agricultural Sciences (CAS) academic support facilities, as well as research and faculty offices for CAS and the College of Earth, Ocean, and Atmospheric Sciences. The building also includes 18 new state-of-the-art instructional classrooms, an increase in classroom capacity from the original building. The State Treasurer will issue \$4.847 million of State-paid Article XI-Q bonds and \$6.586 million of State-paid Article XI-G bonds as a part of the \$24.870 million project.

New Classroom Building

The OSU Corvallis campus Classroom Building (now known as the OSU Learning Innovation Center) 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 goal. OSU enrollment has increased from 16,000 students to 25,000 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. The State Treasurer will issue \$32.5 million of State-paid Article XI-G bonds as a part of the \$65.0 million project

Johnson Hall

The 60,000 gross square foot building will consolidate the Chemical, Biological and Environmental Engineering (CBEE) departmental facilities of the OSU College of Engineering, which are currently dispersed throughout four buildings on the Corvallis campus. The new building will provide research and instructional laboratories, faculty, graduate student and staff offices and departmental classrooms, and a 200-seat university-wide classroom. Enrollment in CBEE departments has doubled in the last 5 years, from approximately 400 to 800 students. The State Treasurer will issue \$20.0 million of State-paid Article XI-G bonds as a part of the \$40.0 million project.

New Money Bond Sale Resolution

**RESOLUTION
BOARD OF TRUSTEES OF OREGON STATE UNIVERSITY**

A RESOLUTION OF THE BOARD OF TRUSTEES OF OREGON STATE UNIVERSITY REQUESTING THE ISSUANCE OF STATE OF OREGON GENERAL OBLIGATION BONDS PURSUANT TO ARTICLE XI-Q AND ARTICLE XI-G OF THE OREGON CONSTITUTION FOR THE BENEFIT OF THE UNIVERSITY; RATIFYING AND APPROVING PAST DECISIONS AND ACTIONS; AND AUTHORIZING MATTERS RELATED THERETO.

WHEREAS, the Oregon Legislative Assembly has authorized the issuance of State of Oregon ("State") general obligation bonds for the benefit of Oregon State University (the "University") under Article XI-Q and Article XI-G of the Oregon Constitution, applicable provisions of ORS Chapters 286A, 351 and 352 (collectively, the "Act"), and chapter 705, Oregon Laws 2013, as amended by chapter 121, Oregon Laws 2014 (together the "2013-2015 Bond Bill"); and

WHEREAS, the 2013-2015 Bond Bill authorized **Article XI-Q bonds**, which include approximately \$12,000,000 for the Cascades Campus Expansion project and \$4,847,000 for the Strand Agricultural Hall project; and

WHEREAS, ORS 286A.818 provides that the State Treasurer, at the request of the Department of Administrative Services ("DAS"), may issue Article XI-Q bonds for any of the purposes specified in Article XI-Q of the Oregon Constitution, plus an amount determined by the State Treasurer to pay estimated bond-related costs and subject to bond budget authorization for the biennium; and

WHEREAS, it is appropriate for this Board to request that DAS request the issuance of Article XI-Q bonds for authorized projects, consistent with the 2013-2015 Bond Bill and as may be provided by law and as otherwise required by law for the 2013-2015 biennium without requiring further action of this Board; and

WHEREAS, the 2013-2015 Bond Bill also authorized **Article XI-G bonds** for the benefit of the University in the amount of \$6,586,000 for the Strand Agricultural Hall project, \$32,500,000 for the Classroom Building and Quad project, \$7,850,000 for the Cascades Campus Expansion project, and \$20,000,000 for the Chemistry, Biology and Environmental Engineering Building project during the 2013-2015 biennium; and

WHEREAS, it is appropriate for this Board to request that the State Treasurer issue Article XI-G bonds for the benefit of the University for authorized projects, in amounts not greater than authorized by the 2013-2015 Bond Bill, and as may be provided by law and as otherwise required by law for the 2013-2015 biennium without requiring further action of this Board; and

WHEREAS, Article XI-G of the Oregon Constitution requires that the amount of any indebtedness incurred under that section in any biennium shall be matched by an amount that is at least equal to the amount of the indebtedness and may include moneys available to the University; and

WHEREAS, Article XI-G of the Oregon Constitution requires that the matching amount be used for the same or similar purposes as the proceeds of the indebtedness; and

WHEREAS, the Board hereby finds that moneys available to the University have been and will be applied to pay a portion of the costs of the projects to be financed in part with the proceeds of Article XI-G bonds to be issued in the 2013-2015 biennium to satisfy this match requirement;

NOW, THEREFORE, the Board resolves as follows:

1. Article XI-Q Projects. Article XI-Q Bonds are authorized to be sold under the Act for the benefit of the University consistent with the authorization pursuant to the 2013-2015 Bond Bill. The University hereby requests that DAS request the State Treasurer issue and sell such bonds prior to June 30, 2015, in the authorized amounts for the Cascades Campus Expansion project and the Strand Agricultural Hall project.

2. Article XI-G Projects. Article XI-G Bonds are authorized to be sold under Act for the benefit of the University pursuant to the 2013-2015 Bond Bill. The University hereby requests that, as authorized by the 2013-2015 Bond Bill, such bonds be issued and sold prior to June 30, 2015, in the amounts authorized pursuant to the 2013-2015 Bond Bill, for the Strand Agricultural Hall deferred maintenance project, the Classroom Building and Quad project, the Cascades Campus Expansion project and the Chemistry, Biology and Environmental Engineering Building project.

3. Terms, Sale and Issuance. The Article XI-Q Bonds and Article XI-G Bonds authorized by this resolution (together, the "Bonds"), shall be issued in such series and principal amounts as the State Treasurer, after consultation with the applicable project and related agency, shall determine are required to pay or reimburse costs of the projects described in Section 1 and Section 2 of this resolution. The Bonds shall mature, bear interest and otherwise be structured, sold and issued as the State Treasurer determines after such consultation.

4. Maintenance of Tax-Exempt Status. The Vice President for Finance and Administration of the University or his or her designee (the "Authorized University Representative") is hereby authorized to covenant, on behalf of the University, to comply with the provisions of the Internal Revenue Code of 1986, as amended, that are required or desirable for interest on tax-exempt bonds to be excluded from gross income for federal income taxation purposes, for Bonds issued on a tax-exempt basis and to execute and deliver such agreements, documents or certificates required or desirable for such Bonds to be issued on a tax-exempt basis.

5. Ratification and Approval of Actions. The Board hereby ratifies and approves all prior actions taken on behalf of the Board or the University related to the Bonds. The Board hereby authorizes, empowers, and directs the Authorized University Representative to take further actions as may be necessary or desirable related to the Bonds, including without limitation, (i) covenanting to perform on behalf of the University, and performing, any actions necessary or desirable to comply with requests from the State Treasurer authorized under ORS chapter 286A to administer the Bonds, (ii) the execution and delivery of any agreements, documents or certificates, including any grant or trust agreements with the State Treasurer and any other party as may be necessary or desirable to carry out such actions or arrangements, and (iii) to take such other actions as are necessary or desirable for the purposes and intent of this resolution.

6. Matching Funds. The Authorized University Representative is hereby authorized to execute and deliver such agreements, documents or certificates required or desirable by the State Treasurer or the State's Bond Counsel to establish that the University has properly matched the amount of the Bonds in accordance with the provisions of Article XI-G(1)(3).

7. Effective Date. This resolution shall take effect immediately upon adoption by the Board.

Dated this _____ day of January, 2015.

Staff Recommendation to the Committee

Staff propose that the OSU Board of Trustees' Finance & Administration Committee recommend to the Board that it adopt the Refunding Bond Sale Resolution, as so referenced and shown above, authorizing the Oregon State Treasurer to issue bonds to refund existing outstanding bonds, and the New Money Bond Sale Resolution, as so referenced and shown above, authorizing the Oregon State Treasurer to issue Article XI-Q and Article XI-G bonds in the amounts and for the projects described above.