



Oregon State
University

Investment Policy Biennial Review and Amendments

**Finance & Administration
Committee January 28, 2021**



Dedicated Investment

- **Bond repayment investment reserve** is a specific type of board designated fund in which the funds are earmarked by the Board to be invested to provide for repayment of outstanding taxable general revenue bonds in an approved time period.
- Long-term reserve objective: use the reserve investment for repayment of outstanding taxable general revenue bonds 90 years from issuance.
- The initial investment is \$38.7M from the General Revenue Bond 2020 proceeds based on a 3% average investment return assumption.

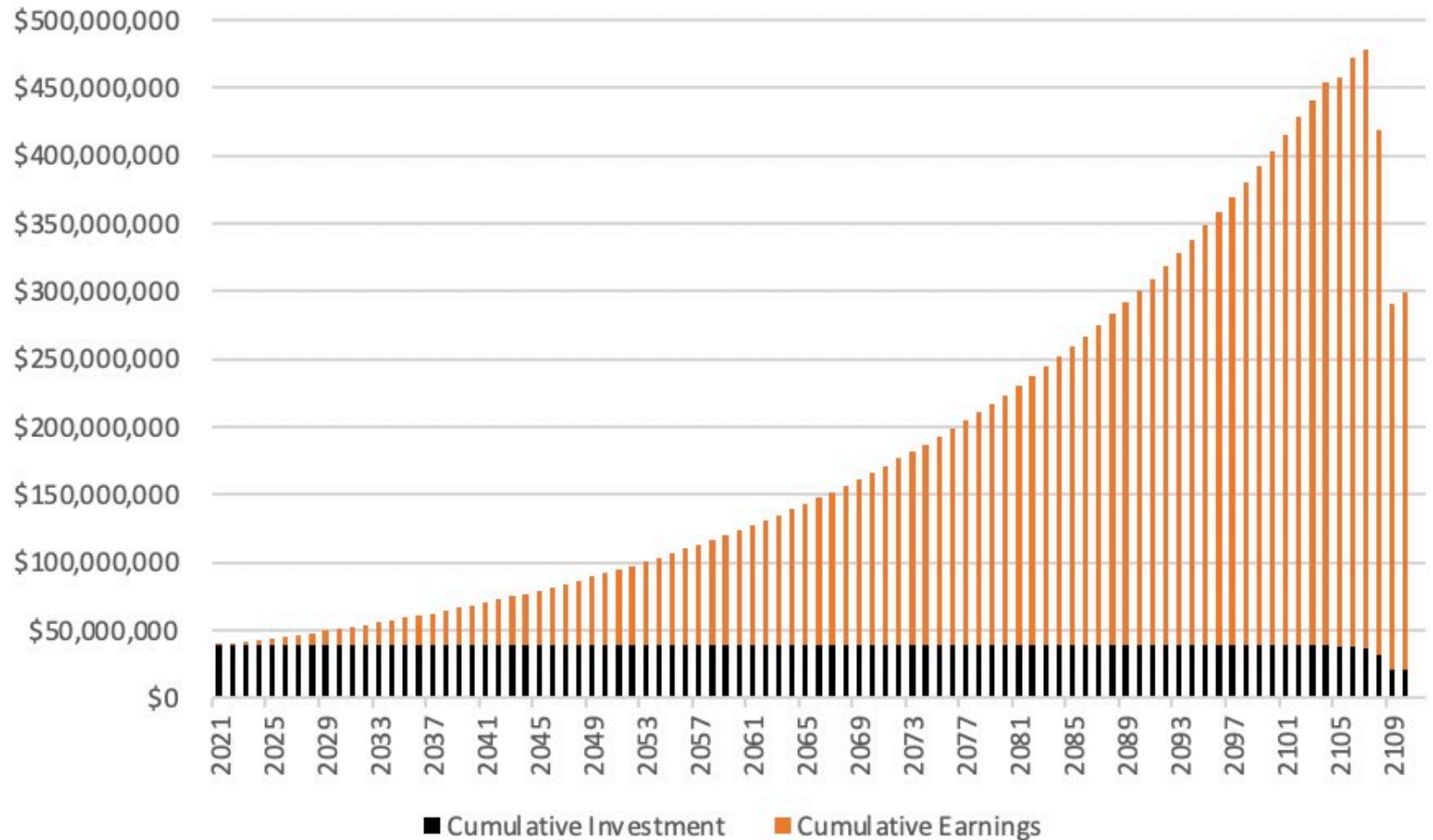
As noted in the General Revenue Bonds 2020 presentation September 17, 2020: The university reserve to be funded with a portion of the 2020 Bond proceeds is not a debt service reserve for the 2020 Bonds and is not pledged to bondholders. Except as otherwise provided by the Board, the reserve will be invested pursuant to the Oregon State University Investment Policy, as it may be amended from time to time, to provide a reserve for the university to use for payment of taxable university obligations over the long term.

Investment Expectations

* The portfolio performance will be measured to an assumed average return of 3.00%

* Annually, the cumulative average returns for the bond repayment investment reserve will be reported

Assumed Investment Earning Rate 3.00%



Recommendation

Staff propose that the Finance & Administration Committee recommend to the Board creation of a Board designated Bond Repayment Investment Reserve funded with \$38.7M of General Revenue Bond 2020 proceeds and approval of the related amendments to the Investment Policy as provided in Attachment 1.