1. Call to Order/Roll/Declaration of Quorum

   Cover Sheet: Approval of Resolution Approving Issuance of State of Oregon General Obligation Bonds for Capital Repair, Renewal, & Accessibility Projects (Deferred Maintenance) - Page 2
   Draft Resolution Approving Issuance of State of Oregon General Obligation Bonds for Capital Repair, Renewal, & Accessibility Projects (Deferred Maintenance) - Page 4

3. Adjourn
DOCKET ITEM: 2

DATE: January 12, 2017

TITLE: Approval of Resolution Approving Issuance of State of Oregon General Obligation Bonds for Capital Repair, Renewal, & Accessibility Projects (Deferred Maintenance)

COMMITTEE ACTION: None; this resolution has not been considered by a committee due to the need for quick action.

SUMMARY OF ITEM: The Board is asked to approve the issuance of State of Oregon General Obligation bonds under Article XI-Q of the Oregon Constitution to address deferred maintenance needs on the Portland State University campus. These bonds were authorized by the 2015 Legislative Assembly. The State Treasurer intends to sell these bonds in February 2017.

The HECC recently informed us that PSU’s share of the $65 million in XI-Q bonds will be $10,841,080.

These XI-Q bonds are entirely State-paid debt. The University will have no responsibility for debt service, this debt will not appear as a liability on our books, and it will not impact our debt or other financial ratios. It is entirely a State contribution towards deferred maintenance.

The Board’s Debt Management Policy requires all debt issuances for the benefit of the University greater than $5 million (whether it is University-paid debt or State-paid debt) to be approved by the Board. However, this debt for deferred maintenance purposes has not yet been approved by the Board. Therefore, in order to comply with the policy and to have this included in the February bond sale, the issuance of these bonds needs to be approved now.
Given the University’s significant deferred maintenance backlog, it is
recommended that the University request issuance of these Article XI-Q
bonds for deferred maintenance as promptly as possible.

SUMMARY OF
COMMITTEE
DISCUSSION: None

REQUESTED
BOARD ACTION: Approve the Resolution

ATTACHED
DOCUMENTS: Draft Resolution Approving Issuance of State of Oregon General
Obligation Bonds for Capital Repair, Renewal, & Accessibility Projects
(Deferred Maintenance)

BACKGROUND
READING: None
RESOLUTION APPROVING ISSUANCE OF
STATE OF OREGON GENERAL OBLIGATION BONDS FOR
CAPITAL REPAIR, RENEWAL, & ACCESSIBILITY PROJECTS (DEFERRED MAINTENANCE)

Approved by the Board of Trustees
January __, 2017

BACKGROUND

A. The Oregon Legislative Assembly has authorized the issuance of State of Oregon ("State")
general obligation bonds for the benefit of Portland State University (the "University") under
Article XI-Q of the Oregon Constitution, applicable provisions of ORS Chapters 286A, 351 and
352 (collectively, the “Act”), and chapter 685 Oregon Laws 2015 (the “2015-2017 Bond Bill”).

B. The 2015-2017 Bond Bill authorizes, among other things, the issuance of Article XI-Q bonds for
capital repair, renewal, & accessibility projects at public universities. The University’s allocation
of these funds for deferred maintenance is expected to be $10,841,080. These funds will be
used to address deferred maintenance needs on the University campus (the “Deferred
Maintenance Project”).

C. On December 11, 2014, the Board of Trustees (the “Board”) of the University approved the
University’s Debt Management Policy, addressing among other things the issuance of “State-
Paid Debt,” defined as borrowings that are expected to be repaid from state appropriations,
including certain Article XI-Q Bonds.

D. Under Section II.A.2 of the Debt Management Policy, the Board retains authority and
responsibility for reviewing and approving any debt financing in an amount greater than
$5,000,000. Under Section III.B of the Debt Management Policy, no debt financing in an amount
greater than $5,000,000 is to be issued or sought without prior approval of the Board.

E. Consistent with Section III.E of the Debt Management Policy, the University has evaluated the
form of debt that is best suited for the Deferred Maintenance Project, has considered the cost
of capital, and has determined that it is advisable for the State to issue debt as proposed, taking
into consideration the cost of capital, financial flexibility and the use of debt capacity.

F. This Board desires to approve Article XI-Q bonds for the Deferred Maintenance Project,
consistent with the authorization of the 2015-2017 Bond Bill, without requiring further action of
this Board.

G. Under Section II.B.9 of the Debt Management Policy, the Board has delegated to the President
(who may further delegate to the Vice President for Finance and Administration and University
Treasurer) authority to enter into or endorse reimbursement resolutions, authorization
resolutions, and such other documents as may be necessary for any debt issuance authorized by
the Board, including debt authorized by the President or his delegatee pursuant to the Debt
Management Policy.
Now, therefore, be it Resolved by the Board of Trustees, that:

1. **Article XI-Q Bonds.** Article XI-Q Bonds are authorized to be sold under the Act for the benefit of the University. The University hereby approves sale and use of Article XI-Q Bonds for the Deferred Maintenance Project.

2. **Terms, Sale and Issuance.** The Article XI-Q bonds authorized by this resolution (the “Bonds”), shall be issued in such series and principal amounts as the State Treasurer, after consultation with the applicable related or project agenc(ies), shall determine are required to pay or reimburse costs of the Deferred Maintenance Project. The Bonds shall mature, bear interest and otherwise be structured, sold and issued as the State Treasurer determines after such consultation.

3. **Maintenance of Tax-Exempt Status.** The President of the University, who may further delegate to the Vice President for Finance and Administration and University Treasurer (each an “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 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 for such bonds to be issued on a tax-exempt basis.

4. **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 and bonds authorized to be approved by the President or his delegatee under the Debt Management Policy, including, without limitation, (i) requesting the issuance of bonds; (ii) covenanting to perform on behalf of the University, and performing, any actions necessary to comply with requests from the State Treasurer authorized under ORS chapter 286A to administer the bonds, (iii) the execution and delivery of any agreements, documents or certificates, including any grant or trust agreements with the State Treasurer and any other party, if necessary, as may be necessary or desirable to carry out such actions or arrangements, and (iv) to take such other actions as are necessary or desirable for the purposes and intent of this resolution.

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

APPROVED BY THE BOARD OF TRUSTEES
JANUARY __, 2017

Secretary to the Board