STATE BOARD OF HIGHER EDUCATION
MINUTES OF SPECIAL MEETING HELD BY
CONFERENCE TELEPHONE CONNECTION
March 13, 1980

At the call of the President of the Board a special meeting of the State Board of Higher Education was held by conference telephone connection.

ROLL CALL

The meeting was called to order at 4:30 P.M. (P.S.T.) March 13, 1980, by the President of the Board, Mr. Louis B. Perry, and on roll call the following answered present:

Mrs. Jane H. Carpenter
Mrs. Edith Green
Mr. Edward C. Harms, Jr.
Mr. Robert C. Ingalls
Mr. William C. Thorp III
Ms. Elizabeth Warner-Yasuda
Mr. Loren L. Wyss
Mr. Louis B. Perry

Absent: Mr. Lester E. Anderson was out of the state; Mr. Jonathan A. Ater, and Mr. Alvin R. Batiste were absent for business reasons.

OTHERS PRESENT:

Centralized Activities--Chancellor R. E. Lieuallen; Secretary Wilma L. Foster; W. T. Lemman, Jr., Vice Chancellor for Administration; Francetta Carroll, Management Assistant; Richard Zita; Director, Public Services and Publications.

Media representatives were notified of the special meeting, but did not attend.

$11,895,000
State of Oregon,
State Board of
Higher Education
Multi-Purpose
Bonds, Series
1980 C, Articles
XI-F(1) and
XI-G

Staff Recommendation to the Board

To finance a portion of the cost of auxiliary enterprise construction and remodeling projects, to finance a portion of the cost of construction and remodeling projects of the education and general plant, and land acquisition, it is necessary to sell State of Oregon, State Board of Higher Education Multi-Purpose Bonds, Series 1980 C, with a total par value of $11,895,000. Authorization for the sale is granted by Chapter 511, Oregon Laws 1979, Articles XI-F(1) and XI-G of the Oregon Constitution, and ORS Chapter 351.

It is recommended that the Board authorize the sale of said Series 1980 C bond issue through approval of the following resolution by roll call vote:

$11,895,000 STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION MULTI-PURPOSE BONDS, SERIES 1980 C

RESOLUTION

WHEREAS, THE STATE BOARD OF HIGHER EDUCATION deems it necessary, pursuant to law, including Articles XI-F(1) and XI-G of the Constitution of the State of Oregon, and applicable provisions of ORS Chapter 351, to sell general obligation STATE BOARD OF HIGHER EDUCATION MULTI-PURPOSE BONDS, SERIES 1980 C, of the State of Oregon, in the principal amount of $11,895,000 to provide for the acquisition of land and for the planning, constructing, altering, repairing, furnishing and equipping of buildings, facilities and structures for the Department of Higher Education; and for payment of costs incident to the sale and issuance of the bonds; and
WHEREAS, THE BOARD, as required by ORS 351.160, has determined conservatively that said buildings and other structures financed from the Article XI-F(1) portion of this issue will be wholly self-liquidating and self-supporting from revenues to accrue from the operation thereof and from gifts, grants, or building fees, and from unobligated revenues of higher education buildings or projects of like character; and

WHEREAS, THE BOARD is authorized and directed by ORS 351.170 to establish for projects financed from Article XI-F(1) bonds such rates, charges, and fees for use of such buildings, structures or projects, including revenue-producing buildings and structures already constructed, as, in the judgment of the Board, shall provide the required revenues to make the new buildings, structures or projects self-liquidating and self-supporting, and as shall provide the funds with which to amortize the principal of and pay the interest on bonds issued to finance such buildings, structures or projects; now, therefore,

BE IT RESOLVED BY THE STATE BOARD OF HIGHER EDUCATION OF THE STATE OF OREGON that, with the approval of the State Treasurer of the State of Oregon, ELEVEN MILLION EIGHT HUNDRED NINETY-FIVE THOUSAND DOLLARS ($11,895,000) par value of bonds authorized by law, including Articles XI-F(1) and XI-G of the Constitution of the State of Oregon, and applicable provisions of ORS Chapter 351, be issued and sold; and

BE IT FURTHER RESOLVED that the said bonds totaling ELEVEN MILLION EIGHT HUNDRED NINETY-FIVE THOUSAND DOLLARS ($11,895,000) par value be issued and the proceeds from the sale of these STATE BOARD OF HIGHER EDUCATION MULTI-PURPOSE BONDS, SERIES 1980 C, be used for the acquisition of land and for the planning, constructing, altering, repairing, furnishing and equipping of buildings, facilities and structures for the Department of Higher Education; and for payment of costs incident to the sale and issuance of the bonds, as provided by law, including Articles XI-F(1) and XI-G of the Constitution of the State of Oregon, and applicable provisions of ORS Chapter 351; and

BE IT FURTHER RESOLVED that the principal of and the interest on all of the bonds issued pursuant to this resolution be paid on the due dates thereof at the Fiscal Agency of the State of Oregon, in the City and State of New York, and that the said bonds be designated STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION MULTI-PURPOSE BONDS, SERIES 1980 C, and be numbered consecutively; and

BE IT FURTHER RESOLVED that the said bonds be dated June 1, 1980, be issued in denominations of $5,000 each, and mature upon the dates and in the principal installments hereinafter in this resolution set forth, subject to redemption in inverse numerical order at par value and accrued interest on any interest-paying date on and after June 1, 1990, from the moneys and revenues indicated by law, including Articles XI-F(1) and XI-G of the Constitution of the State of Oregon, Chapter 511, Oregon Laws 1979, and applicable provisions of ORS Chapter 351; and

BE IT FURTHER RESOLVED that the maturity dates and principal installments of said bonds be as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 1, 1983</td>
<td>$305,000</td>
<td>June 1, 1992</td>
<td>$635,000</td>
</tr>
<tr>
<td>June 1, 1984</td>
<td>330,000</td>
<td>June 1, 1993</td>
<td>680,000</td>
</tr>
<tr>
<td>June 1, 1985</td>
<td>355,000</td>
<td>June 1, 1994</td>
<td>745,000</td>
</tr>
<tr>
<td>June 1, 1986</td>
<td>385,000</td>
<td>June 1, 1995</td>
<td>810,000</td>
</tr>
<tr>
<td>June 1, 1987</td>
<td>420,000</td>
<td>June 1, 1996</td>
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<tr>
<td>June 1, 1988</td>
<td>455,000</td>
<td>June 1, 1997</td>
<td>950,000</td>
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<tr>
<td>June 1, 1989</td>
<td>495,000</td>
<td>June 1, 1998</td>
<td>1,030,000</td>
</tr>
<tr>
<td>June 1, 1990</td>
<td>535,000</td>
<td>June 1, 1999</td>
<td>1,120,000</td>
</tr>
<tr>
<td>June 1, 1991</td>
<td>580,000</td>
<td>June 1, 2000</td>
<td>1,190,000</td>
</tr>
</tbody>
</table>
BE IT FURTHER RESOLVED that the State Board of Higher Education furnish to the original purchaser of said bonds, without cost to the purchaser, the written opinion of accredited bond attorneys certifying to the validity and legality of the said bonds; and

BE IT FURTHER RESOLVED that the said bonds be the direct general obligations of the State of Oregon, and that, except as to the variations in the interest rates and maturities, they be of uniform tenor and be in substantially the following form, prepared by the Attorney General of the State of Oregon:

Number  
UNITED STATES OF AMERICA  
STATE OF OREGON  
STATE BOARD OF HIGHER EDUCATION  
MULTI-PURPOSE BOND  
S$5,000  
SERIES 1980 C

KNOW ALL MEN BY THESE PRESENTS, that the STATE OF OREGON acknowledges itself to owe and for value received hereby promises to pay to bearer the principal sum of $5,000 on the first day of June, , with interest on said sum from the date hereof until paid, at the rate of PERCENT ( ) per annum, payable semiannually on the first day of June and the first day of December in each year, as evidenced by, and upon the presentation and surrender of, the interest coupons hereto annexed as they severally become due. Both the principal of and the interest on this bond are payable at the Fiscal Agency of the State of Oregon, in the City and State of New York, in any coin or currency which, at the time of payment, is legal tender for the payment of public and private debts within the United States of America.

The bonds of the issue of which this bond forms a part, maturing on and after June 1, 1990 may be redeemed at the option of the State of Oregon, on and after June 1, 1989, at par and accrued interest, on any interest-paying day or days in inverse numerical order or in the entire amount of the issue outstanding at call date, upon notice given by the Treasurer of the State of Oregon at least thirty (30) days prior to the redemption date specified therein, by publication thereof in one issue of a newspaper or financial journal of general circulation printed and published within the City and State of New York, and one issue of a newspaper of general circulation printed and published within the City of Salem, Oregon. From the date of redemption designated in any such notice, interest on the bonds so called for redemption shall cease.

This bond is issued by the State of Oregon in conformance to its Constitution and under and by virtue of and in all respects in full and strict compliance with its laws, and in particular Articles XI-F(1) and XI-G of the Oregon Constitution, Chapter 511, Oregon Laws 1979, and applicable provisions of ORS Chapter 351, for the acquisition of land and for the planning, constructing, altering, repairing, furnishing and equipping of buildings, facilities and structures for the Department of Higher Education; and for payment of costs incident to the sale and issuance of the bonds.

The full faith and credit of the State of Oregon hereby are irrevocably pledged to the punctual payment of the interest on and the principal of this bond as the same become due and payable respectively.
IN TESTIMONY WHEREOF, the STATE OF OREGON has caused this bond to be signed by the Governor and by the Secretary of State with their facsimile signatures, and by the Deputy State Treasurer, and sealed with the seal of the State of Oregon, and has caused the annexed interest coupons to be executed with the facsimile signatures of its said officers, all as of the first day of June, 1980.

Governor

(SEAL)

Secretary of State

Deputy State Treasurer

FORM OF COUPON

(For coupons maturing on December 1, 1980, up to and including June 1, 1989)

No. On the first day of , , $________

THE STATE OF OREGON will pay the bearer ______________ DOLLARS

at the Fiscal Agency of the State of Oregon, in the City and State of New York, in any coin or currency which, at the time of payment, is legal tender for the payment of public and private debts within the United States of America, for six months' interest then due on State of Oregon, State Board of Higher Education Multi-Purpose Bond, Series 1980 C, No. ________.

(facsimile) (facsimile) (facsimile)
Deputy State Treasurer Secretary of State Governor

(For coupons maturing on and after December 1, 1989)

No. On the first day of , , $________

unless the bond hereinafter designated shall have been called for previous redemption and due provision made for the payment thereof, THE STATE OF OREGON will pay the bearer ______________ DOLLARS

at the Fiscal Agency of the State of Oregon, in the City and State of New York, in any coin or currency which, at the time of payment, is legal tender for the payment of public and private debts within the United States of America, for six months' interest then due on State of Oregon, State Board of Higher Education Multi-Purpose Bond, Series 1980 C, No. ________.

(facsimile) (facsimile) (facsimile)
Deputy State Treasurer Secretary of State Governor

The foregoing bond and coupon forms hereby are approved as to legal form this _____ day of __________, 1980.

Attorney General of the State of Oregon
March 13, 1980

BE IT FURTHER RESOLVED that, as provided by ORS 351.430, the Secretary of the Board be and hereby is authorized to advertise the said STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION MULTI-PURPOSE BONDS, SERIES 1980 C, for public sale thereof on or about April 22, 1980, at a price of not less than $99 for each $100 par value thereof, and the accrued interest thereon, and the notice of sale to specify that the Board reserves the right to reject any or all bids for the bonds; and

BE IT FURTHER RESOLVED that the Vice Chancellor for Administration of the State Board of Higher Education be authorized to effect the necessary arrangements for the production, in accordance with ORS 287.018, of an Official Statement for bonds issued pursuant to this resolution.

BE IT FURTHER RESOLVED that the Secretary and Vice Chancellor for Administration of the State Board of Higher Education be authorized to effect the necessary arrangements to deliver the bonds and to receive payment therefor.

Board Action

Upon motion by Director Ingalls, the Board approved the staff recommendation as presented and adopted the above resolution on roll call vote, with the following voting in favor: Directors Carpenter, Green, Harms, Ingalls, Thorp, Warner-Yasuda, Wyss, and Perry. Those voting no: None. Directors Anderson, Ater, and Batiste were absent from the telephone conference connection.

The President of the Board thereupon declared the resolution duly adopted by a unanimous vote of those present.

Staff Report to the Board and Board Discussion

Mr. Lemman explained that two resolutions had been adopted earlier to authorize the sale of Article XI-F(1) and Article XI-G bonds to finance construction projects for the State System of Higher Education. No valid bid was received for either issue, and it is necessary to adopt a resolution again authorizing the sale of these bonds.

Mr. Lemman indicated that the two previously authorized issues were combined in the resolution now proposed for adoption and that the new issue would be designated as 1980 C. He then described the changes in the resolution recommended for adoption from the two previous resolutions, stating that the changes were made on the advice of bond counsel and potential bidders to make the bonds more attractive in the current bond market. These changes include the following:

1. The two issues have been combined into a single issue.
2. The 30-year issue has been changed to a 20-year issue. He noted that the Executive Department, the Legislative Fiscal Office, and the Emergency Board have knowledge of this change. The Emergency Board acquiesced in the change and thereafter approved the release of funds for construction projects. Official approval was neither requested nor granted.
3. The limit on the acceptable interest rate was raised from the self-imposed 8% to the statutory limit of 10%.
4. The maximum on the number of different coupon rates permitted has been eliminated.
5. The maximum allowable discount was changed from 2% on the Article XI-F(1) portion of the previously-approved issues to 1% on the combined 1980 C issue.
Mr. Lemman recommended that the Board adopt the resolution by roll call vote in order to permit the sale of bonds on April 22, 1980, for the purpose of financing the various building and construction projects authorized by the 1979 Legislature.

In response to a question, Mr. Wyss said the removal of some of the restrictions, as indicated by Mr. Lemman, should improve the attractiveness of the bonds. He said it was unlikely that the interest rates would decline very much in view of the inflationary expectations that have been built into the economy during the last 5 years. If money for the projects is required within the next six to nine months, Mr. Wyss said, the interest rates probably would not be enough lower to warrant postponing construction needs. It was pointed out that construction cost increases would undoubtedly offset any savings achieved by deferring the sale of the bonds until more favorable interest rates could be obtained.

The meeting was adjourned at 4:45 P.M., P.S.T., March 13, 1980.

Wilma L. Foster, Secretary
Oregon State Board of Higher Education

Louis B. Perry, President

Wilma L. Foster, Secretary