In compliance with the November 17, 1969, written request of a majority of the members of the Board for a special meeting, and at the call of the President of the Board, the Oregon State Board of Higher Education convened in special session in Room 201, Division of Continuing Education Building, Portland, Oregon, on December 9, 1969.

The meeting was called to order at 11:00 A.M., P.S.T., by the President of the Board, Mr. George H. Layman, and on roll call the following answered present:

Mr. George H. Corey
Mr. Chas. R. Holloway, Jr.
Mr. Robert D. Holmes
Mr. Philip A. Joss
Mr. Ancil H. Payne
Mr. John W. Snider
Mr. George H. Layman

Absent: Mrs. Elizabeth H. Johnson was out of the state, and Mr. Yasui was absent for business reasons.

OTHERS PRESENT:

Centralized Activities—Secretary R. L. Collins; Mr. Freeman Holmer, Vice Chancellor for Administration; Mr. H. A. Bork, Consultant; Mr. John L. Watson, Comptroller and Assistant Vice Chancellor for Administration; Mr. Keith L. Jackson, Budget Director; Mr. J. I. Hunderup, Vice Chancellor for Facilities Planning; Mr. Allen McKenzie, Contracting Officer and Assistant to Vice Chancellor for Administration; Mr. Raymond P. Underwood, Chief Counsel; Dr. George Diel, Director, Communications Development; Mr. Carl E. Long, Director of Accounting Division, Comptroller's Office; Mr. David E. Smith, System Analyst, Comptroller's Office.

Chapter 63, Oregon Laws 1969, includes provisions to the effect that bonds of the state shall bear interest at not to exceed a net effective rate of seven percent and shall be sold at not less than par value. In the program developed to sell the State of Oregon, State Board of Higher Education Facilities Bonds, Series 1970, with a par value of $12,000,000, the net effective interest rate was determined not to exceed seven percent per annum and the maximum coupon rate was determined not to exceed eight percent per annum, and has been incorporated in the public advertisement for the bonds. The Vice Chancellor for Administration recommended that the Board adopt the following resolution on roll call vote to confirm said advertising:
RESOLUTION

WHEREAS, pursuant to authorization of this Board on October 27, 1969, the Secretary of the State Board of Higher Education was authorized to advertise STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION FACILITIES BONDS, SERIES 1970, in the amount of $12,000,000, and said notice of bond sale was published in Oregon in accordance with statute on the 14th day of November, 1969, and the 21st day of November, 1969; and

WHEREAS, the Board, pursuant to ORS 351.360 and Chapter 63, Oregon Laws 1969, deems it appropriate to limit the net effective interest rate to be no more than seven percent per annum, and the maximum coupon rate to be no more than eight percent per annum on par value;

NOW, THEREFORE, BE IT HEREBY RESOLVED that the action of the Secretary of the Board in publishing the notice of bond sale and contents of said notice of bond sale and all acts performed in connection with said notice of bond sale be and are hereby fully approved, ratified, and confirmed.

Upon motion by Director Joss, the Board approved the recommendation as presented and adopted the above resolution with the following voting in favor of adoption: Directors Corey, Holmes, Joss, Payne, Snider, and Layman.

Those voting no: None.

Mr. Holloway was absent at the time of the roll call vote.

The President of the Board thereupon declared said resolution duly adopted by a vote of six affirmative and no negative.

The Vice Chancellor for Administration reported that at 9:00 A.M., Pacific Standard Time, on December 9, 1969, a sealed bid was received, with Mr. James C. George, Investment Officer of the State Treasury Department, and Mr. Howard A. Rankin of Shuler, Rankin, Myers & Walsh, Bond Attorneys, present, pursuant to an advertisement authorized by the Board of Higher Education at its regular meeting on October 27, 1969, for the proposed sale of $12,000,000 State of Oregon, State Board of Higher Education Facilities Bonds, Series 1970. The bonds were to be sold at not less than par value thereof. The bid received for the bonds was as follows:

<table>
<thead>
<tr>
<th>Name of Bidder</th>
<th>Maturities</th>
<th>Interest Rate</th>
<th>Total Coupon Cost</th>
<th>Deduct Premium</th>
<th>Total Aggregate Interest Cost</th>
<th>Effective Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harris Trust and Savings Bank</td>
<td>1973-1985</td>
<td>8.00%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First National</td>
<td>1986</td>
<td>7.20%</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Bank of Oregon</td>
<td>1987-1990</td>
<td>6.70%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Chase</td>
<td>1991-1993</td>
<td>6.75%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1998-2000</td>
<td>6.50%</td>
<td>$16,689,525.00</td>
<td>$3,062.16</td>
<td>$16,686,462.84</td>
<td>6.8575%</td>
</tr>
</tbody>
</table>
Following the reading of the bid, the Vice Chancellor for Administration indicated that the single bid was that of Harris Trust and Savings Bank, First National Bank of Oregon, The Chase Manhattan Bank, N.A., and Associates with a total aggregate interest cost of $16,686,462.84 and an effective interest rate of 6.8575 percent. He also stated that the bonds were to be in denominations of $5,000. He recommended, with the concurrence of the Chancellor, that said bid be accepted.

It was moved by Director Holmes that the bid of Harris Trust and Savings Bank, First National Bank of Oregon, The Chase Manhattan Bank, N.A., and Associates be accepted. The President of the Board stated that it had been moved that the Board accept the bid as indicated.

On roll call vote the Board voted on the adoption of the motion as follows: Those voting yes: Directors Corey, Holmes, Joss, Payne, Snider, Layman, and Holloway.

Those voting no: None.

The President of the Board thereupon declared said motion duly adopted by a vote of seven affirmative and no negative.

With the concurrence of the Chancellor, the Vice Chancellor for Administration recommended that the following resolution be adopted:

**RESOLUTION**

BE IT RESOLVED that the TWELVE MILLION DOLLARS ($12,000,000) STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION FACILITIES BONDS, SERIES 1970 sold at 100.0255 on the 9th day of December, 1969, be issued to bear date the 15th day of January, 1970; to bear interest at the rate of 8.00 percent per annum for the bonds of the issue maturing on January 15, 1973 to 1985 inclusive, at the rate of 7.20 percent per annum for the bonds of the issue maturing on January 15 of the year 1986 inclusive, at the rate of 6.70 percent per annum for the bonds of the issue maturing on January 15 of the years 1987 to 1990 inclusive, at the rate of 6.75 percent per annum for the bonds of the issue maturing on January 15 of the years 1991 to 1993 inclusive, at the rate of 6.80 percent per annum for the bonds of the issue maturing on January 15 of the years 1994 to 1997 inclusive, at the rate of 6.50 percent per annum for the bonds of the issue maturing on January 15 of the years 1998 to 2000; and

BE IT FURTHER RESOLVED that the bonds be issued to mature serially on the dates provided in the resolution of the Board duly adopted at the regular meeting of the Board duly and legally held on October 27, 1969, and that both the principal of and interest upon the bonds be paid at the Fiscal Agency of the State of Oregon, in the City and State of New York; and
BE IT FURTHER RESOLVED that the said bonds and coupons annexed thereto be executed in the form prescribed in the resolution adopted by the Board at the October 27, 1969 meeting; and

BE IT FURTHER RESOLVED that the bonds be in denominations of $5,000, as provided in the resolution adopted by the Board at the October 27, 1969 meeting; and

BE IT FURTHER RESOLVED that the October 27, 1969 resolution of the Board authorizing the issuance of said bonds, and all acts performed by the Board in adopting the said resolution, and by the Secretary of the Board and the Vice Chancellor for Administration in connection with the issuance and sale of the said bonds, be and they hereby are fully approved, ratified, and confirmed.

It was moved by Director Corey that the above resolution be adopted. The President of the Board stated that it had been moved that the above resolution be approved.

On roll call vote the Board voted on the adoption of the motion as follows: Those voting yes: Directors Corey, Holloway, Holmes, Joss, Payne, Snider, and Layman.

Those voting no: None.

The President of the Board thereupon declared said resolution duly adopted by a vote of seven affirmative and no negative.

The Vice Chancellor for Administration recommended that the Board adopt on roll call vote the following resolution in connection with the preparing and providing of transcript material and other actions relating to the State of Oregon, State Board of Higher Education Facilities Bonds, Series 1970:

**RESOLUTION**

WHEREAS, the Secretary of the State Board of Higher Education has responsibilities in connection with the bond issue, and may be absent when performance is required in connection therewith; and

WHEREAS, the Vice Chancellor for Administration of the State Board of Higher Education has responsibilities in connection with the bond issue, and may be absent when performance is required in connection therewith;

NOW, THEREFORE, BE IT RESOLVED that functions of the Secretary of the Board in preparing and providing of transcript material and other actions relating to the bond issue shall be performed by the Secretary of the Board or by the Assistant Secretary of the Board; and correspondingly, functions of the Vice Chancellor for Administration shall be performed by the Vice Chancellor for Administration or by the Comptroller.
Upon motion by Director Holmes, the Board approved the recommendation as presented and adopted the above resolution with the following voting in favor of adoption: Directors Corey, Holloway, Holmes, Joss, Payne, Snider, and Layman.

Those voting no: None.

The President of the Board thereupon declared said resolution duly adopted by a vote of seven affirmative and no negative.

Chapter 63, Oregon Laws 1969, includes provisions to the effect that bonds of the state shall bear interest at not to exceed a net effective rate of seven percent and shall be sold at not less than par value. In the program developed to sell the State of Oregon, State Board of Higher Education Building Bonds, Series 1970 A, with a par value of $4,000,000, the net effective interest rate was determined not to exceed seven percent per annum and the maximum coupon rate was determined not to exceed eight percent per annum, and has been incorporated in the public advertisement for the bonds. The Vice Chancellor for Administration recommended that the Board adopt the following resolution on roll call vote to confirm said advertising:

RESOLUTION

WHEREAS, pursuant to authorization of this Board on October 27, 1969, the Secretary of the State Board of Higher Education was authorized to advertise STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION BUILDING BONDS, SERIES 1970 A, in the amount of $4,000,000, and said notice of bond sale was published in Oregon in accordance with statute on the 14th day of November, 1969, and the 21st day of November, 1969; and

WHEREAS, the Board pursuant to ORS 351.360 and Chapter 63, Oregon Laws 1969, deems it appropriate to limit the net effective interest rate to be no more than seven percent per annum, and the maximum coupon rate to be no more than eight percent per annum on par value;

NOW, THEREFORE, BE IT HEREBY RESOLVED that the action of the Secretary of the Board in publishing the notice of bond sale and contents of said notice of bond sale and all acts performed in connection with said notice of bond sale be and are hereby fully approved, ratified, and confirmed.

Upon motion by Director Payne, the Board approved the recommendation as presented and adopted the above resolution with the following voting in favor of adoption: Directors Corey, Holloway, Holmes, Joss, Payne, Snider, and Layman.

Those voting no: None.

The President of the Board thereupon declared said resolution duly adopted by a vote of seven affirmative and no negative.
The Vice Chancellor for Administration stated that before the Board acted upon the bid received for the sale of $4,000,000 State of Oregon, State Board of Higher Education Building Bonds, Series 1970 A, a report should be made of factors germane to the sale. He stated that it had been initially intended that the proceeds from the sale of the bonds, with serial maturities extending over thirty years, would be applied toward the financing of Bloss Hall Dormitory and Arnold Cafeteria at Oregon State University. An application had been filed with the federal government for annual interest grants, which would be for the interest cost incurred by the Board in excess of three percent per annum. Said application, filed last spring, was not approved.

Mr. Holmer advised that a recently adopted federal government regulation, published in the Federal Register, would not permit interest grants for projects for which the application was approved after the sale of the bonds. It follows that if Series 1970 A bond moneys are used for the University project then an interest grant would not be forthcoming, and a new grant application will therefore be filed as soon as permitted by the federal government.

Mr. Holmer also indicated that there was uncertainty as to whether a new grant application would be looked upon favorably by the Department of Housing and Urban Development since requests for grants will greatly exceed the amount of available federal funds. If a new request for federal grant funds is disapproved, then it may be desirable to proceed with the University project, using Series 1970 A bond moneys, assuming that the construction program, architectural plans and specifications, and financial program for the project were approved by the Board. If the federal government were to provide an interest grant for the University project then another bond issue would need to be sold, after an interest grant agreement was entered into with the federal government. Moneys received from the sale of the Series 1970 A $4,000,000 bond issue would then be applied to finance other auxiliary enterprise capital outlay projects.

Prior to the expenditure of moneys received from the 1970 A bond issue for capital outlay costs, the proceeds from the sale of the issue will be invested in securities of the federal government or agencies thereof with the interest income expected to be in excess of that required to be paid on the outstanding bond issue.

The Board accepted the report as presented.
<table>
<thead>
<tr>
<th>Name of Bidder</th>
<th>Designated Maturities</th>
<th>Interest Rate</th>
<th>Total Interest Cost</th>
<th>Deduct Premium</th>
<th>Total Aggregate Interest Cost</th>
<th>Effective Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harris Trust and Savings Bank,</td>
<td>1973-1983</td>
<td>8.00%</td>
<td>$5,606,252.50</td>
<td>$335.23</td>
<td>$5,605,917.27</td>
<td>6.8979%</td>
</tr>
<tr>
<td>First National</td>
<td>1984</td>
<td>7.80%</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Bank of Oregon,</td>
<td>1985</td>
<td>6.60%</td>
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</tr>
<tr>
<td>The Chase</td>
<td>1986-1990</td>
<td>6.70%</td>
<td></td>
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</tr>
<tr>
<td>Manhattan Bank, N.A., and</td>
<td>1991-1993</td>
<td>6.75%</td>
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<td></td>
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<tr>
<td>Associates</td>
<td>1994-2000</td>
<td>6.80%</td>
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</tr>
</tbody>
</table>

Following the reading of the bid, the Vice Chancellor for Administration indicated that the single bid was that of Harris Trust and Savings Bank, First National Bank of Oregon, The Chase Manhattan Bank, N.A., and Associates with a total aggregate interest cost of $5,605,917.27 and an effective interest rate of 6.8979 percent per annum. He also stated that the bonds were to be in denominations of $5,000. He recommended, with the concurrence of the Chancellor, that said bid be accepted on roll call vote.

It was moved by Director Holmes that the bid of Harris Trust and Savings Bank, First National Bank of Oregon, The Chase Manhattan Bank, N.A., and Associates be accepted. The President of the Board stated that it had been moved that the Board accept the bid as indicated.

On roll call vote the Board voted on the adoption of the motion as follows: Those voting yes: Directors Corey, Holloway, Holmes, Joss, Payne, Snider, and Layman.

Those voting no: None.

The President of the Board thereupon declared said motion duly adopted by a vote of seven affirmative and no negative.

With the concurrence of the Chancellor, the Vice Chancellor for Administration recommended the following resolution be adopted:

**RESOLUTION**

BE IT RESOLVED that the FOUR MILLION DOLLARS ($4,000,000) STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION BUILDING BONDS, SERIES 1970 A sold at 100.00838 on the 9th day of December, 1969, be issued to bear date the 15th day of January, 1970; to bear interest at the rate of 8.00 percent per annum for the bonds of the issue maturing on January 15, 1973 to 1983 inclusive, at the rate of 7.80 percent per annum for the bonds of the issue maturing on January 15 of the year 1984 inclusive, at the rate of 6.60 percent per annum for the bonds of the issue maturing on January 15 of the year 1985 inclusive, at the rate of 6.70 percent per annum for the bonds of the issue maturing on January 15 of the years 1986 to 1990 inclusive,
at the rate of 6.75 percent per annum for the bonds of the issue maturing on January 15 of the years 1991 to 1993 inclusive, at the rate of 6.80 percent per annum for the bonds of the issue maturing on January 15 of the years 1994 to 2000; and

BE IT FURTHER RESOLVED that the bonds be issued to mature serially on the dates provided in the resolution of the Board duly adopted at the regular meeting of the Board duly and legally held on October 27, 1969, and that both the principal of and interest upon the bonds be paid at the Fiscal Agency of the State of Oregon, in the City and State of New York; and

BE IT FURTHER RESOLVED that the said bonds and coupons annexed thereto be executed in the form prescribed in the resolution adopted by the Board at the October 27, 1969 meeting; and

BE IT FURTHER RESOLVED that the bonds be in denominations of $5,000, as provided in the resolution adopted by the Board at the October 27, 1969 meeting; and

BE IT FURTHER RESOLVED that the October 27, 1969 resolution of the Board authorizing the issuance of said bonds, and all acts performed by the Board in adopting the said resolution, and by the Secretary of the Board and the Vice Chancellor for Administration in connection with the issuance and sale of the said bonds, be and they hereby are fully approved, ratified, and confirmed.

It was moved by Director Holloway that the above resolution be adopted. The President of the Board stated that it had been moved that the above resolution be approved.

On roll call vote the Board voted on the adoption of the motion as follows: Those voting yes: Directors Corey, Holloway, Holmes, Joss, Payne, Snider, and Layman.

Those voting no: None.

The President of the Board thereupon declared said resolution duly adopted by a vote of seven affirmative and no negative.

The Vice Chancellor for Administration recommended that the Board adopt on roll call vote the following resolution in connection with the preparing and providing of transcript material and other actions relating to the State of Oregon, State Board of Higher Education Building Bonds, Series 1970 A:

**RESOLUTION**

WHEREAS, the Secretary of the State Board of Higher Education has responsibilities in connection with the bond issue, and may be absent when performance is required in connection therewith; and
WHEREAS, the Vice Chancellor for Administration of the State Board of Higher Education has responsibilities in connection with the bond issue, and may be absent when performance is required in connection therewith;

NOW, THEREFORE, BE IT RESOLVED that functions of the Secretary of the Board in preparing and providing of transcript material, and other actions relating to the bond issue shall be performed by the Secretary of the Board or by the Assistant Secretary of the Board; and correspondingly, functions of the Vice Chancellor for Administration shall be performed by the Vice Chancellor for Administration or by the Comptroller.

Upon motion by Director Joss, the Board approved the recommendation as presented and adopted the above resolution with the following voting in favor of adoption: Directors Corey, Holloway, Holmes, Joss, Payne, Snider, and Layman.

Those voting no: None.

The President of the Board thereupon declared said resolution duly adopted by a vote of seven affirmative and no negative.

ADJOURNMENT


George H. Layman, President

R. L. Collins, Secretary