Revision of Campus Boundaries, OSU

Meeting #446

June 23, 1978

Charge relates to the paving of "H" Avenue at the eastern edge of the campus adjacent to the married student housing complex, BOCene Courts.

In the absence of excess sinking fund reserves from housing operations at the College, institutional officials have requested an allocation of proceeds from the sale of self-liquidating bonds issued under the provisions of Article XI-F(1) of the Oregon Constitution to cover this assessment. Debt service would be provided from future income from housing operations on the campus.

(Considered by Committee on Finance, Administration, and Physical Plant, June 23, 1978; present--Ingalls, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that the approved projected campus boundaries for Oregon State University be amended to include an additional area of approximately 26,900 square feet, or about 0.62 acres, at the southeast corner of N. W. 35th Avenue and Jackson Street, Corvallis. This property is adjacent to the Orchard Court student family housing complex and would permit the accommodation of additional apartment-type student housing at some future time.

Discussion and Recommendation by the Committee

The Committee recommended that the Board approve the staff recommendation as presented.

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Ater, Batiste, Carpenter, Daniels, Feves, Harms, Ingalls, Moore, and Wyss. Those voting no: None.

Staff Report to the Committee

When the long-range development plan for Oregon State University was approved by the Board in 1964, the campus boundaries excluded four residential properties at the southeast corner of N. W. 35th Avenue and Jackson Street. Following further review with the campus planning consultant, Mr. Louis A. DeMonte, institutional officials have requested that these properties be brought within the approved projected campus boundaries in order to provide the potential future expansion of the student family housing complex, Orchard Court, which occupies the adjacent site. The proposed adjustment would straighten the campus boundary in this area to conform to city streets.

The land area involved in the four parcels totals approximately 26,900 square feet, or about 0.62 acres. According to the records of the Benton County Assessor's Office, the values of these properties total approximately $135,000. As noted in a separate agenda item, an option has been obtained for the purchase of one of these properties. The remaining parcels would be acquired as they become available, assuming that sufficient resources are available within legislatively-approved expenditure limitations.

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Meeting #446

(Considered by Committee on Finance, Administration, and Physical Plant, June 23, 1978; present--Ingalls, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that the Vice Chancellor for Facilities Planning be authorized to purchase the property at 3420 N. W. Jackson Street, Corvallis, from Effie E. Lance at the option price of $37,250. As noted in a separate item, it was proposed that this property be brought within the approved projected campus boundaries for Oregon State University so that it might be utilized at some future time for the expansion of student family housing. The purchase would be financed from balances available to the institution from its family housing operations and would be charged against the expenditure limitation for land acquisition authorized by Chapter 592, Oregon Laws 1973.

Discussion and Recommendation by the Committee

The Committee recommended that the Board approve the staff recommendation as presented.

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Ater, Batiste, Carpenter, Daniels, Feves, Hamms, Ingalls, Moore, and Wyss. Those voting no: None.

Staff Report to the Committee

On May 23, 1978, Effie E. Lance executed a 60-day option for the sale of the residential property at 3420 N. W. Jackson Street, Corvallis, to the Board in the amount of $37,250. The option price is equal to the average of two independent appraisals obtained by the institution, one from Mary E. Ness and the other from Lawrence Lahm.

The property contains 5,000 square feet of land, improved with a small two-bedroom older residence containing about 832 square feet plus a partial basement. It is one of four parcels recommended for inclusion within the approved projected campus boundaries at the southeast corner of N. W. 35th Avenue and Jackson Street. It is adjacent to the institution's family housing complex, Orchard Court, and may be utilized for the future expansion of such housing. Funds required for the purchase would be provided from excess sinking reserves from housing operations at the institution.

Staff Recommendation to the Board

It was recommended that the Board adopt three bond resolutions to issue approximately $43,000,000 in advance refunding bonds and that the staff be authorized to proceed with the advance refunding in order to take advantage of the savings which can be realized at the present time. This would provide funds to retire $40,845,000 currently outstanding bonds issued under Article XI-F(1) and Article XI-G of the Oregon Constitution. The refunding will provide a present value savings of approximately $1,300,000 or a savings ratio of 3.020%. The State Treasurer's guidelines require a savings ratio of 3.00%.

Included in the above totals are Community College bonds issued by the Board of Higher Education under Article XI-G of the Oregon Constitution for the Department of Education. In a meeting on June 15, 1978, the Board of Education authorized the Board of Higher Education to include the two issues indicated in the advance refunding process.
The Community College bonds do not produce savings of the same magnitude as the other bond refundings. It is, therefore, possible that the State Treasurer will not authorize their inclusion. Such rejection would not endanger the remaining Higher Education bond refunding, which will produce a present value savings of approximately $1,100,000 or a ratio of 3.5%.

The bond market has been deteriorating since November 1977. The savings computations are based on an estimated interest cost of 5.67% as of the sale date on August 8, 1978. As was explained at the May 26, 1978 Board meeting, Internal Revenue Service Regulations are scheduled to change September 1, 1978. Costs which could have been recovered through the earnings on the escrow account created from refunding bond proceeds will have to be considered as part of the cost of the issue of refunding bonds after September 1. If the Internal Revenue Service regulations are implemented, the spread between the interest rate on outstanding issues and the refunding issue would have to be at least 3.0% in order to realize roughly the same savings after August of this year.

As was mentioned at the May 26 meeting, there are several future possibilities:

1. IRS regulations might not be implemented September 1, or might be modified.
2. More liberal state legislation might be enacted.
3. The Treasurer might review the savings criteria.
4. Bond rates could change dramatically.

Of course, there is no assurance that any of these possibilities would be favorable to the Board and increase the savings expectations.

A review of the remaining outstanding bonds indicates that there would be very limited opportunity for additional refunding without a substantial decline in bond interest cost rates.

In recent years Higher Education bonds (other than those being refunded) have sold at the following composite interest rates:

<table>
<thead>
<tr>
<th>Issue</th>
<th>Composite Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977 A</td>
<td>5.1007%</td>
</tr>
<tr>
<td>1977 B</td>
<td>5.0805</td>
</tr>
<tr>
<td>1976 B</td>
<td>5.9223</td>
</tr>
<tr>
<td>1974 A</td>
<td>5.0809</td>
</tr>
<tr>
<td>1974 B</td>
<td>5.1192</td>
</tr>
<tr>
<td>1974 C</td>
<td>5.1210</td>
</tr>
<tr>
<td>1973 A</td>
<td>4.8425</td>
</tr>
<tr>
<td>1973 B</td>
<td>5.1743</td>
</tr>
<tr>
<td>1972 A</td>
<td>4.7423</td>
</tr>
<tr>
<td>1972 B</td>
<td>5.2140</td>
</tr>
<tr>
<td>1972 C</td>
<td>5.0530</td>
</tr>
<tr>
<td>1972</td>
<td>4.8220</td>
</tr>
<tr>
<td>1971 A</td>
<td>4.9549</td>
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<tr>
<td>1969 A</td>
<td>5.7494</td>
</tr>
<tr>
<td>1968 A</td>
<td>4.2842</td>
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<tr>
<td>1968</td>
<td>4.1085</td>
</tr>
<tr>
<td>1967</td>
<td>3.7900</td>
</tr>
<tr>
<td>1966</td>
<td>5.5900</td>
</tr>
<tr>
<td>1966 A</td>
<td>3.9500</td>
</tr>
<tr>
<td>1964</td>
<td>3.1500</td>
</tr>
</tbody>
</table>

Bond interest would have to approach the 1964 level to develop savings equal to those that can be realized now.
### Schedule I

<table>
<thead>
<tr>
<th>Outstanding Issues</th>
<th>Refunding Bonds</th>
<th>Present Value Savings</th>
<th>Savings Ratio</th>
<th>Bid Composite Int. Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Article XI-F(1)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970 A</td>
<td>$3,610,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1975 A</td>
<td>1,665,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1975 C</td>
<td>7,760,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1976 A</td>
<td>1,250,000</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$14,285,000</strong></td>
<td><strong>$14,180,000</strong></td>
<td><strong>$593,708</strong></td>
<td><strong>4.1869%</strong></td>
</tr>
<tr>
<td><strong>Article XI-G</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td>$10,820,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1975 B</td>
<td>2,915,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1975 F</td>
<td>1,580,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$15,315,000</strong></td>
<td><strong>$16,665,000</strong></td>
<td><strong>499,950</strong></td>
<td><strong>3.0000%</strong></td>
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<tr>
<td><strong>Higher Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$29,600,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$40,845,000</strong></td>
<td><strong>$43,005,000</strong></td>
<td><strong>$1,298,600</strong></td>
<td><strong>3.020%</strong></td>
</tr>
</tbody>
</table>
Board Discussion and Action

Mr. Jerry Nowlin, of the firm of Foster & Marshall Inc., explained the advance refunding procedures. In response to a question, he stated that only those issues which would produce a savings in excess of 3% had been selected for refunding.

Mr. Howard Rankin, Bond Counselor, said the State Treasurer had established financial guidelines which must be met before advance refunding would be authorized. There was some concern that the Community College XI-G portion of the bonds might not qualify under the 3% savings guidelines. However, the State Treasurer has advised that he would accept a composite presentation and treat the three issues as one for the purposes of making the 3% computation.

It was indicated also that the spread in the interest rate between the present holdings and the municipal market interest rates has been narrowing and this would have an impact on the savings to be achieved.

It was recommended that the Board authorize the sale of said Series 1978 C bond issue through approval of the following resolution by roll call vote:

$12,160,000 COMMUNITY COLLEGE AND EDUCATION CENTER ADVANCE REFUNDING BONDS, SERIES 1978 C

RESOLUTION

WHEREAS, THE STATE BOARD OF HIGHER EDUCATION finds that significant savings in debt service may be obtained by advance refunding The State of Oregon Article XI-G general obligation Community College and Education Center Bonds, Series 1970 B, which are dated April 15, 1970 (the "1970 Bonds"), and general obligation Community College and Education Center Bonds, Series 1975 E, which are dated July 15, 1975 (the "1975 Bonds") (collectively the "Refunded Bonds"); and

WHEREAS, $11,245,000 in aggregate principal amount of the Refunded Bonds remain outstanding; and

WHEREAS, ORS 288.620 requires an advance refunding plan for the Refunded Bonds to be submitted to the office of the Treasurer of the State of Oregon; now, therefore,

BE IT RESOLVED BY THE STATE BOARD OF HIGHER EDUCATION OF THE STATE OF OREGON:

Section 1. Advance Refunding Plan. The financial consultant, Foster & Marshall Inc., shall submit an advance refunding plan for the Refunded Bonds to the State Treasurer on behalf of the Board.

Section 2. The Bonds. For the aforesaid purposes, the Board, with the approval of the State Treasurer of the State of Oregon, shall issue approximately Twelve Million One Hundred Sixty Thousand Dollars ($12,160,000) of general obligation refunding bonds to be known as Community College and Education Center Advance Refunding Bonds, Series 1978 C (the "Bonds").
The Bonds will be dated July 15, 1978, will be in denominations of $5,000 each (except bond number one, which may be a smaller denomination), will be numbered consecutively, will bear interest payable semiannually on January 15 and July 15 commencing January 15, 1979, and will mature serially in numerical order on the 15th day of January as follows, subject to adjustment as explained below:

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Amount</th>
<th>Maturity Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>$460,000</td>
<td>1993</td>
<td>$235,000</td>
</tr>
<tr>
<td>1980</td>
<td>490,000</td>
<td>1994</td>
<td>245,000</td>
</tr>
<tr>
<td>1981</td>
<td>520,000</td>
<td>1995</td>
<td>260,000</td>
</tr>
<tr>
<td>1982</td>
<td>535,000</td>
<td>1996</td>
<td>275,000</td>
</tr>
<tr>
<td>1983</td>
<td>560,000</td>
<td>1997</td>
<td>290,000</td>
</tr>
<tr>
<td>1984</td>
<td>595,000</td>
<td>1998</td>
<td>305,000</td>
</tr>
<tr>
<td>1985</td>
<td>620,000</td>
<td>1999</td>
<td>325,000</td>
</tr>
<tr>
<td>1986</td>
<td>660,000</td>
<td>2000</td>
<td>340,000</td>
</tr>
<tr>
<td>1987</td>
<td>695,000</td>
<td>2001</td>
<td>360,000</td>
</tr>
<tr>
<td>1988</td>
<td>730,000</td>
<td>2002</td>
<td>375,000</td>
</tr>
<tr>
<td>1989</td>
<td>775,000</td>
<td>2003</td>
<td>400,000</td>
</tr>
<tr>
<td>1990</td>
<td>815,000</td>
<td>2004</td>
<td>420,000</td>
</tr>
<tr>
<td>1991</td>
<td>215,000</td>
<td>2005</td>
<td>435,000</td>
</tr>
<tr>
<td>1992</td>
<td>225,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Board reserves the right to add to or subtract from any maturity or maturities amounts sufficient to accomplish the refunding. The final maturity schedule will be computed so as to result in approximately equal adjustments to each maturity.

Section 3. Redemption. The Board reserves the right, at its option, to redeem all Bonds maturing after January 15, 1989, in inverse numerical order at par plus accrued interest on January 15, 1989, and on any interest payment date thereafter, upon notice given by the Treasurer of the State of Oregon at least thirty (30) days prior to the date fixed for redemption. Notice shall be given by publication in one issue of a newspaper or financial journal of general circulation printed and published within the City and State of New York, and in one issue of a newspaper printed and published within the City of Salem. Interest upon the Bonds called for payment shall cease upon the date designated in the notice.

Section 4. Execution of Bonds. Each Bond shall be executed with the facsimile signatures of the Governor and the Secretary of State of the State of Oregon, and with the manual signature of the Treasurer of the State of Oregon. The Bonds shall bear the seal of the State of Oregon. The coupons shall bear the facsimile signatures of the Governor, the Secretary of State, and the Treasurer.

Section 5. Use of Proceeds. The proceeds of the sale of the Bonds shall be applied as follows:

(a) As provided in the Escrow-Deposit Agreement to be executed by the Board as of August 15, 1978, there will be deposited in the Escrow Deposit Fund an amount necessary to purchase government obligations, the maturing principal and interest of which will be sufficient to pay the principal of and interest on the outstanding Refunded Bonds as they mature or are called for redemption in accordance with this resolution.
(b) The balance of the Bond proceeds shall be used to pay issuance costs and related expenses for the Bonds. Any proceeds remaining after payment of these costs and expenses shall be deposited in the sinking fund established pursuant to law for the Bonds.

The proceeds of the Bonds shall be used and invested in such fashion that the Bonds shall not become "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and the regulations issued thereunder.

Section 6. Bond Form. The Bonds and interest coupons shall be in substantially the following form:

Number $5,000
UNITED STATES OF AMERICA
STATE OF OREGON
COMMUNITY COLLEGE AND EDUCATION CENTER
ADVANCE REFUNDING BOND
SERIES 1978 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 ___________________________ FIVE THOUSAND DOLLARS ________________ ($5,000) on the fifteenth day of January, 19__, with interest on said sum from the date hereof until paid, at the rate of _______ PERCENT (_______%) per annum, payable semiannually on the fifteenth day of January and the fifteenth day of July 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 after January 15, 1989, may be redeemed at the option of the State of Oregon, on January 15, 1989, and on any interest-paying day or days thereafter, at par plus interest accrued to the date fixed for redemption, in inverse numerical order in whole or in part, upon notice given by the Treasurer of the State of Oregon at least thirty (30) days prior to the redemption date. Notice shall be given by publication 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 one of an issue of Community College and Education Center Advance Refunding Bonds aggregating ___________ Dollars in principal amount, and is issued to refund and refinance an aggregate of $11,245,000 of Community College and Education Center Bonds which were issued on April 15, 1970, and July 15, 1975.

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 Article XI-G of the Oregon Constitution, ORS Chapter 351, and ORS 288.605 to 288.695 (the Advance Refinancing and Refunding Bond Act of 1977).
The full faith and credit of the State of Oregon are hereby irrevocably pledged to the punctual payment of the interest on and the principal of this bond as the same become due and payable.

IN TESTIMONY WHEREOF, the STATE OF OREGON has caused this bond to be executed with the facsimile signatures of the Governor and the Secretary of State and with the manual signature of the State Treasurer, and to be sealed with the seal of the State of Oregon, and has caused the annexed interest coupons to be executed with the facsimile signatures of these officers, all as of the 15th day of August, 1978.

Governor

(SEAL)

Secretary of State

State Treasurer

FORM OF COUPON

(For coupons maturing from January 15, 1979, to and including January 15, 1989)

No.  On the first day of , 19 , $  DOLLARS

THE STATE OF OREGON will pay the bearer

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 interest then due on the State of Oregon, Community College and Education Center Advance Refunding Bond, Series 1978 C, No.

(facsimile) (facsimile) (facsimile)

State Treasurer Secretary of State Governor

(For coupons maturing on and after July 15, 1989)

No.  On the first day of , 19 , $  DOLLARS

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

-480-
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 interest then due on the State of Oregon, Community College and Education Center Advance Refunding Bond, Series 1978 C, No._______.

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

The foregoing bond and coupon forms hereby are approved as to legal form this ________ day of __________, 1978.

JAMES A. REDDEN, Attorney General of the State of Oregon

Section 7. Sale of Bonds. The Bonds shall be sold on or about August 8, 1978, at a price of not less than ninety-eight percent (98%) of their par value. The Secretary of the Board shall cause the Notice of Bond Sale to be published as required by law.

Section 8. Official Statement. When Board staff has reviewed the preliminary Official Statement for the Bonds, the financial consultant is authorized to make the preliminary Official Statement available to prospective bidders. When advised by staff that the final Official Statement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained in the Official Statement not misleading in light of the circumstances under which they were made, the Vice Chancellor for Administration of the State Board of Higher Education or the Secretary may certify the accuracy of the Official Statement on behalf of the Board.

Section 9. Escrow Deposit Agreement. The Vice Chancellor for Administration or the Secretary is authorized to execute the Escrow Deposit Agreement when advised by Bond Counsel that the Escrow Deposit Agreement and attached schedules are correct and in proper form for execution.

Section 10. Additional Documents. The Vice Chancellor for Administration or the Secretary is authorized to execute any and all additional documents which may reasonably be required to issue, sell, and deliver the Bonds.

Section 11. Redemption of Refunded Bonds. The 1970 Bonds are hereby designated for redemption on April 15, 1985. The 1975 Bonds are hereby designated for redemption on January 15, 1990. The escrow agent shall cause notices of redemption to be given in the manner provided by law, and in accordance with the instructions contained in the Escrow Deposit Agreement. This designation shall be deemed revoked if the sale of the Bonds is not closed prior to September 1, 1978.
Section 12. Temporary Bond. The Board may issue and deliver a temporary bond. The temporary bond shall be registered in the name of the purchaser, shall be in a principal amount equal to the final, adjusted principal amount of the Bonds, shall bear interest for each principal maturity at the rate specified by the successful bidder for the coupon Bonds maturing in those years, shall be executed with the manual signatures of the Governor, Secretary of State and Treasurer of the State of Oregon, shall be otherwise similar in form to the coupon Bonds, and shall be exchangeable for definitive coupon Bonds as provided in the notice of sale.

Board Discussion and Action

Upon motion by Mr. Ingalls, the Board approved the recommendations and duly adopted the above resolution as presented, with the following voting in favor: Directors Anderson, Ater, Batiste, Carpenter, Daniels, Feves, Harms, Ingalls, Moore, and Wyss. Those voting no: None.

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

It was recommended that the Board authorize the sale of said Series 1978 A bond issue through approval of the following resolution by roll call vote:

$16,665,000 FACILITIES ADVANCE REFUNDING BONDS, SERIES 1978 A

WHEREAS, THE STATE BOARD OF HIGHER EDUCATION finds that significant savings in debt service may be obtained by advance refunding its Article XI-G general obligation Facilities Bonds, Series 1970, which are dated January 15, 1970 (the "1970 Bonds"), its Article XI-G general obligation Facilities Bonds, Series 1975 B, which are dated April 15, 1975 (the "1975 Bonds"), and its Article XI-G general obligation Facilities Bonds, Series 1975 F, which are dated September 15, 1975 (the "1975 F Bonds") (collectively the "Refunded Bonds"); and

WHEREAS, $15,315,000 in aggregate principal amount of the Refunded Bonds remain outstanding; and

WHEREAS, ORS 288.620 requires an advance refunding plan for the Refunded Bonds to be submitted to the office of the Treasurer of the State of Oregon; now, therefore,

BE IT RESOLVED BY THE STATE BOARD OF HIGHER EDUCATION OF THE STATE OF OREGON:

Section 1. Advance Refunding Plan. The financial consultant, Foster & Marshall Inc., shall submit an advance refunding plan for the Refunded Bonds to the State Treasurer on behalf of the Board.

Section 2. The Bonds. For the aforesaid purposes, the Board, with the approval of the State Treasurer of the State of Oregon, shall issue approximately Sixteen Million Six Hundred Sixty-Five Thousand Dollars ($16,665,000) of general obligation refunding bonds, to be known as Facilities Advance Refunding Bonds, Series 1973 A (the "Bonds"). The Bonds will be dated July 15, 1978, will be in denominations of $5,000 each (except bond number
Meeting #446

June 23, 1978

one, which may be a smaller denomination), will be numbered consecutively, will bear interest payable semiannually on January 15 and July 15 commencing January 15, 1979, and will mature serially in numerical order on the 15th day of January as follows, subject to adjustment as explained below:

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Amount</th>
<th>Maturity Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>$155,000</td>
<td>1993</td>
<td>$790,000</td>
</tr>
<tr>
<td>1980</td>
<td>460,000</td>
<td>1994</td>
<td>825,000</td>
</tr>
<tr>
<td>1981</td>
<td>465,000</td>
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<td>675,000</td>
<td>2004</td>
<td>305,000</td>
</tr>
<tr>
<td>1991</td>
<td>710,000</td>
<td>2005</td>
<td>320,000</td>
</tr>
<tr>
<td>1992</td>
<td>745,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Board reserves the right to add to or subtract from any maturity or maturities amounts sufficient to accomplish the refunding. The final maturity schedule will be computed so as to result in approximately equal adjustments to each maturity.

Section 3. Redemption. The Board reserves the right, at its option, to redeem all Bonds maturing after January 15, 1989, in inverse numerical order at par plus accrued interest on January 15, 1989, and on any interest payment date thereafter, upon notice given by the Treasurer of the State of Oregon at least thirty (30) days prior to the date fixed for redemption. Notice shall be given by publication in one issue of a newspaper or financial journal of general circulation printed and published within the City and State of New York, and in one issue of a newspaper printed and published within the City of Salem. Interest upon the Bonds called for payment shall cease upon the date designated in the notice.

Section 4. Execution of Bonds. Each Bond shall be executed with the facsimile signatures of the Governor and the Secretary of State of the State of Oregon, and with the manual signature of the Treasurer of the State of Oregon. The Bonds shall bear the seal of the State of Oregon. The coupons shall bear the facsimile signatures of the Governor, the Secretary of State, and the Treasurer.

Section 5. Use of Proceeds. The proceeds of the sale of the Bonds shall be applied as follows:

(a) As provided in the Escrow Deposit Agreement to be executed by the Board as of August 15, 1978, there will be deposited in the Escrow Deposit Fund an amount necessary to purchase government obligations, the maturing principal and interest of which will be sufficient to pay the principal of and interest on the outstanding Refunded Bonds as they mature or are called for redemption in accordance with this resolution.

(b) The balance of the Bond proceeds shall be used to pay issuance costs and related expenses for the Bonds. Any proceeds remaining after payment of these costs and expenses shall be deposited in the sinking fund established pursuant to law for the Bonds.
The proceeds of the Bonds shall be used and invested in such fashion that the Bonds shall not become "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and the regulations issued thereunder.

Section 6. Bond Form. The Bonds and interest coupons shall be in substantially the following form:

Number: $5,000

UNITED STATES OF AMERICA
STATE OF OREGON
STATE BOARD OF HIGHER EDUCATION
FACILITIES ADVANCE REFUNDING BOND
SERIES 1978 A

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

FIVE THOUSAND DOLLARS

at the rate of PERCENT (

%) per annum, payable semiannually on the fifteenth day of January and the fifteenth day of July 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 after January 15, 1989, may be redeemed at the option of the State of Oregon, on January 15, 1989, and on any interest-paying day or days thereafter, at par plus interest accrued to the date fixed for redemption, in inverse numerical order in whole or in part, upon notice given by the Treasurer of the State of Oregon at least thirty (30) days prior to the redemption date. Notice shall be given by publication 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 one of an issue of Facilities Advance Refunding Bonds aggregating ________________________ Dollars in principal amount, and is issued to refund and refinance an aggregate of $15,315,000 of Facilities Bonds which were issued on January 15, 1970, April 15, 1975, and September 15, 1975.

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 Article XI-G of the Oregon Constitution, ORS Chapter 351, and ORS 288.605 to 288.695 (the Advance Refinancing and Refunding Bond Act of 1977).
June 23, 1978

The full faith and credit of the State of Oregon are hereby irrevocably pledged to the punctual payment of the interest on and the principal of this bond as the same become due and payable.

IN TESTIMONY WHEREOF, the STATE OF OREGON has caused this bond to be executed with the facsimile signatures of the Governor and the Secretary of State and with the manual signature of the State Treasurer, and to be sealed with the seal of the State of Oregon, and has caused the annexed interest coupons to be executed with the facsimile signatures of these officers, all as of the 15th day of August, 1978.

Governor
(SEAL)

Secretary of State

State Treasurer

FORM OF COUPON

(For coupons maturing from January 15, 1979, to and including January 15, 1989)

No. On the first day of , 19 , $ DOLLARS

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 interest then due on the State of Oregon, State Board of Higher Education Facilities Advance Refunding Bond, Series 1978 A, No. ______.

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

(For coupons maturing on and after July 15, 1989)

No. On the first day of , 19 , $ DOLLARS

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
Meeting #446

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 interest then due on the State of Oregon, State Board of Higher Education Facilities Advance Refunding Bond, Series 1978 A, No.______.

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

The foregoing bond and coupon forms hereby are approved as to legal form this _______ day of ___________ 1978.

JAMES A. REDDEN, Attorney General of the State of Oregon

Section 7. Sale of Bonds. The Bonds shall be sold on or about August 8, 1978, at a price of not less than ninety-eight percent (98%) of their par value. The Secretary of the Board shall cause the Notice of Bond Sale to be published as required by law.

Section 8. Official Statement. When Board staff has reviewed the preliminary Official Statement for the Bonds, the financial consultant is authorized to make the preliminary Official Statement available to prospective bidders. When advised by staff that the final Official Statement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained in the Official Statement not misleading in light of the circumstances under which they were made, the Vice Chancellor for Administration of the State Board of Higher Education or the Secretary may certify the accuracy of the Official Statement on behalf of the Board.

Section 9. Escrow Deposit Agreement. The Vice Chancellor for Administration or the Secretary is authorized to execute the Escrow Deposit Agreement when advised by Bond Counsel that the Escrow Deposit Agreement and attached schedules are correct and in proper form for execution.

Section 10. Additional Documents. The Vice Chancellor for Administration or the Secretary is authorized to execute any and all additional documents which may reasonably be required to issue, sell, and deliver the Bonds.

Section 11. Redemption of Refunded Bonds. The 1970 Bonds are hereby designated for redemption on January 15, 1985. The 1975 B Bonds are hereby designated for redemption on April 15, 1990. The 1975 F Bonds are hereby designated for redemption on March 15, 1990. The escrow agent shall cause notices of redemption to be given in the manner provided by law, and in accordance with the instructions contained in the Escrow Deposit Agreement. This designation shall be deemed revoked if the sale of the Bonds is not closed prior to September 1, 1978.
Section 12. Temporary Bond. The Board may issue and deliver a temporary bond. The temporary bond shall be registered in the name of the purchaser, shall be in a principal amount equal to the final, adjusted principal amount of the Bonds, shall bear interest for each principal maturity at the rate specified by the successful bidder for the coupon Bonds maturing in those years, shall be executed with the manual signatures of the Governor, Secretary of State and Treasurer of the State of Oregon, shall be otherwise similar in form to the coupon Bonds, and shall be exchangeable for definitive coupon Bonds as provided in the notice of sale.

Board Discussion and Action

Upon motion by Mr. Ater, the Board approved the recommendation and duly adopted the above resolution as presented, with the following voting in favor: Directors Anderson, Ater, Batiste, Carpenter, Daniels, Feves, Harms, Ingalls, Moore, and Wyss. Those voting no: None.

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

$14,180,000 Building Advance Refunding Bonds, Series 1978 B, Article XI-F(l) (collectively the "Bonds")

WHEREAS, THE STATE BOARD OF HIGHER EDUCATION finds that significant savings in debt service may be obtained by advance refunding the Article XI-F(l) general obligation Building Bonds, Series 1970 A, which are dated January 15, 1970 (the "1970 Bonds"), the Article XI-F(l) general obligation Building Bonds, Series 1975 A, which are dated April 15, 1975 (the "1975 A Bonds"), the Article XI-F(l) general obligation Building Bonds, Series 1975 C, which are dated July 15, 1975 (the "1975 C Bonds"), and the Article XI-F(l) general obligation Building Bonds, Series 1976 A (the "1976 Bonds") (collectively the "Refunded Bonds"); and

WHEREAS, $13,285,000 in aggregate principal amount of the Refunded Bonds remain outstanding; and

WHEREAS, ORS 288.620 requires an advance refunding plan for the Refunded Bonds to be submitted to the office of the Treasurer of the State of Oregon; now, therefore,

BE IT RESOLVED BY THE STATE BOARD OF HIGHER EDUCATION OF THE STATE OF OREGON:

Section 1. Advance Refunding Plan. The financial consultant, Foster & Marshall Inc., shall submit an advance refunding plan for the Refunded Bonds to the State Treasurer on behalf of the Board.

Section 2. The Bonds. For the aforesaid purposes, the Board, with the approval of the State Treasurer of the State of Oregon, shall issue approximately Fourteen Million One Hundred Eighty Thousand Dollars ($14,180,000) of general obligation refunding bonds, to be known as Building Advance Refunding Bonds, Series 1978 B (the "Bonds"). The Bonds will be dated...
August 15, 1978, will be in denominations of $5,000 each (except bond number one, which may be a smaller denomination), will be numbered consecutively, will bear interest payable semiannually on January 15 and July 15 commencing January 15, 1979, and will mature serially in numerical order on the 15th day of January as follows, subject to adjustment as explained below:

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Amount</th>
<th>Maturity Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$315,000</td>
<td>1995</td>
<td>$810,000</td>
</tr>
<tr>
<td>1983</td>
<td>430,000</td>
<td>1996</td>
<td>850,000</td>
</tr>
<tr>
<td>1984</td>
<td>455,000</td>
<td>1997</td>
<td>610,000</td>
</tr>
<tr>
<td>1985</td>
<td>480,000</td>
<td>1998</td>
<td>635,000</td>
</tr>
<tr>
<td>1986</td>
<td>500,000</td>
<td>1999</td>
<td>675,000</td>
</tr>
<tr>
<td>1987</td>
<td>530,000</td>
<td>2000</td>
<td>715,000</td>
</tr>
<tr>
<td>1988</td>
<td>555,000</td>
<td>2001</td>
<td>455,000</td>
</tr>
<tr>
<td>1989</td>
<td>585,000</td>
<td>2002</td>
<td>470,000</td>
</tr>
<tr>
<td>1990</td>
<td>620,000</td>
<td>2003</td>
<td>500,000</td>
</tr>
<tr>
<td>1991</td>
<td>645,000</td>
<td>2004</td>
<td>530,000</td>
</tr>
<tr>
<td>1992</td>
<td>690,000</td>
<td>2005</td>
<td>550,000</td>
</tr>
<tr>
<td>1993</td>
<td>730,000</td>
<td>2006</td>
<td>85,000</td>
</tr>
<tr>
<td>1994</td>
<td>760,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Board reserves the right to add to or subtract from any maturity or maturities amounts sufficient to accomplish the refunding. The final maturity schedule will be computed so as to result in approximately equal adjustments to each maturity.

Section 3. Redemption. The Board reserves the right, at its option, to redeem all Bonds maturing after January 15, 1991, in inverse numerical order at par plus accrued interest on January 15, 1991, and on any interest payment date thereafter, upon notice given by the Treasurer of the State of Oregon at least thirty (30) days prior to the date fixed for redemption. Notice shall be given by publication in one issue of a newspaper or financial journal of general circulation printed and published within the City and State of Oregon, and in one issue of a newspaper printed and published within the City of Salem. Interest upon the Bonds called for payment shall cease upon the date designated in the notice.

Section 4. Execution of Bonds. Each Bond shall be executed with the facsimile signatures of the Governor and the Secretary of State of the State of Oregon, and with the manual signature of the Treasurer of the State of Oregon. The Bonds shall bear the seal of the State of Oregon. The coupons shall bear the facsimile signatures of the Governor, the Secretary of State, and the Treasurer.

Section 5. Use of Proceeds. The proceeds of the sale of the Bonds shall be applied as follows:

(a) As provided in the Escrow Deposit Agreement to be executed by the Board as of August 15, 1978, there will be deposited in the Escrow Deposit Fund an amount necessary to purchase government obligations, the maturing principal and interest of which will be sufficient to pay the principal of and interest on the outstanding Refunded Bonds as they mature or are called for redemption in accordance with this resolution.
June 23, 1978

(b) The balance of the Bond proceeds shall be used to pay issuance costs and related expenses for the Bonds. Any proceeds remaining after payment of these costs and expenses shall be deposited in the sinking fund established pursuant to law for the Bonds.

The proceeds of the Bonds shall be used and invested in such fashion that the Bonds shall not become "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and the regulations issued thereunder.

Section 6. Bond Form. The Bonds and interest coupons shall be in substantially the following form:

Number $5,000
UNITED STATES OF AMERICA
STATE OF OREGON
STATE BOARD OF HIGHER EDUCATION
BUILDING ADVANCE REFUNDING BOND
SERIES 1978 B

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 fifteenth day of January, 19... with interest on said sum from the date hereof until paid, at the rate of ___ PERCENT ___.

The bonds of the issue of which this bond forms a part maturing after January 15, 1991, may be redeemed at the option of the State of Oregon, on January 15, 1991, and on any interest-paying day or days thereafter, at par plus interest accrued to the date fixed for redemption, in inverse numerical order in whole or in part, upon notice given by the Treasurer of the State of Oregon at least thirty (30) days prior to the redemption date. Notice shall be given by publication 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 one of an issue of Building Advance Refunding Bonds aggregating _______ Dollars in principal amount, and is issued to refund and refinance an aggregate of $13,285,000 of Building Bonds which were issued on January 15, 1970, January 15, 1975, April 15, 1975, and April 15, 1976.

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 Article XI-F(1) of the Oregon Constitution, ORS Chapter 351, and ORS 288.605 to 288.695 (the Advance Refinancing and Refunding Bond Act of 1977).
The full faith and credit of the State of Oregon are hereby irrevocably pledged to the punctual payment of the interest on and the principal of this bond as the same become due and payable.

IN TESTIMONY WHEREOF, the STATE OF OREGON has caused this bond to be executed with the facsimile signatures of the Governor and the Secretary of State and with the manual signature of the State Treasurer, and to be sealed with the seal of the State of Oregon, and has caused the annexed interest coupons to be executed with the facsimile signatures of these officers, all as of the 15th day of August, 1978.

Governor
(SEAL)
Secretary of State
State Treasurer

FORM OF COUPON

(For coupons maturing from January 15, 1979, to and including January 15, 1991)

No. ______ On the first day of _______ , 19____, $ _________
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 interest then due on the State of Oregon, State Board of Higher Education Building Advance Refunding Bond, Series 1978 B, No. ______.

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

(For coupons maturing on and after July 15, 1991)

No. ______ On the first day of _______ , 19____, $ _________
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
June 23, 1978

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 interest then due on the State
of Oregon, State Board of Higher Education Building
Advance Refunding Bond, Series 1978 B, No. ________.

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

The foregoing bond and coupon forms hereby are approved as to legal form
this _________ day of __________, 1978.

JAMES A. REDDEN, Attorney General of
the State of Oregon

Section 7. Sale of Bonds. The Bonds shall be sold on or about August 8,
1978, at a price of not less than ninety-eight percent (98%) of their par
value. The Secretary of the Board shall cause the Notice of Bond Sale to
be published as required by law.

Section 8. Official Statement. When Board staff has reviewed the pre-
liminary Official Statement for the Bonds, the financial consultant is
authorized to make the preliminary Official Statement available to pros-
pective bidders. When advised by staff that the final Official Statement
does not contain any untrue statement of a material fact or omit to state
any material fact necessary to make the statements contained in the Official
Statement not misleading in light of the circumstances under which they
were made, the Vice Chancellor for Administration of the State Board of
Higher Education or the Secretary may certify the accuracy of the Official
Statement on behalf of the Board.

Section 9. Escrow Deposit Agreement. The Vice Chancellor for Administra-
tion or the Secretary is authorized to execute the Escrow Deposit Agree-
ment when advised by Bond Counsel that the Escrow Deposit Agreement and
attached schedules are correct and in proper form for execution.

Section 10. Additional Documents. The Vice Chancellor for Administra-
tion or the Secretary is authorized to execute any and all additional
documents which may reasonably be required to issue, sell, and deliver the
Bonds.

Section 11. Redemption of Refunded Bonds. The 1970 Bonds are hereby
designated for redemption on January 15, 1980. The 1975 A Bonds are
hereby designated for redemption on April 15, 1990. The 1975 C Bonds are
hereby designated for redemption on January 15, 1990. The 1976 Bonds are
hereby designated for redemption on April 15, 1991. The escrow agent
shall cause notices of redemption to be given in the manner provided by
law, and in accordance with the instructions contained in the Escrow
Deposit Agreement. This designation shall be deemed revoked if the sale
of the Bonds is not closed prior to September 1, 1978.
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Section 12. Temporary Bond. The Board may issue and deliver a temporary bond. The temporary bond shall be registered in the name of the purchaser, shall be in a principal amount equal to the final, adjusted principal amount of the Bonds, shall bear interest for each principal maturity at the rate specified by the successful bidder for the coupon Bonds maturing in those years, shall be executed with the manual signatures of the Governor, Secretary of State and Treasurer of the State of Oregon, shall be otherwise similar in form to the coupon Bonds, and shall be exchangeable for definitive coupon Bonds as provided in the notice of sale.

Board Discussion and Action

Upon motion by Mr. Ater, the Board approved the recommendations and duly adopted the above resolution as presented, with the following voting in favor: Directors Anderson, Ater, Batiste, Carpenter, Daniels, Feves, Harms, Ingalls, Moore, and Wyss. Those voting no: None.

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

Mr. Rankin indicated that the resolutions presented to the Board for advance refunding bonds referred to an August 1, 1978, sale date. He recommended that the date be amended to August 8, 1978, in each of the three resolutions for advance refunding bonds.

Upon motion by Mrs. Daniels, the Board approved the recommendation and duly adopted the amended sale date, with the following voting in favor: Directors Anderson, Ater, Batiste, Carpenter, Daniels, Feves, Harms, Ingalls, Moore, and Wyss. Those voting no: None.

The Vice President of the Board thereupon declared the amended date duly adopted by a unanimous vote. The amended date has been inserted in the above resolutions.

$2,500,000 State of Oregon, State Board of Higher Education Building Bonds, Series 1978 D, Article XI-F(1)

Staff Recommendation to the Board

To finance a portion of the cost of auxiliary enterprise construction and remodeling projects (Portland State University--Parking Structure III, University of Oregon Health Sciences Center--Campus Services Building Alterations and Clinical Laboratory Building Alterations, University of Oregon--Fire Protection Systems within Carson Hall and University Inn, etc.), it is necessary to sell State of Oregon, State Board of Higher Education Building Bonds, Series 1978 D, with a total par value of $2,500,000. Authorization for the sale is granted by Article XI-F(1) of the Oregon Constitution, and ORS Chapter 351.

It is recommended that the Board authorize the sale of said Series 1978 D bond issue through approval of the following resolution by roll call vote:

$2,500,000 STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION BUILDING BONDS, SERIES 1978 D

RESOLUTION

WHEREAS, THE STATE BOARD OF HIGHER EDUCATION deems it necessary, pursuant to law, including Article XI-F(1) of the Constitution of the State of Oregon, and applicable provisions of ORS Chapter 351, to sell general obligation STATE BOARD OF HIGHER EDUCATION BUILDING BONDS, SERIES 1978 D,
Meeting #446

June 23, 1978

of the State of Oregon, in the principal amount of $2,500,000 to provide
for the acquisition of land and for the planning, constructing, altering,
repairing, furnishing and equipping of buildings, facilities and struc-
tures 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 conserva-
tively that said buildings and other structures 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
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, TWO MILLION FIVE HUNDRED THOUSAND DOLLARS ($2,500,000) par value
of bonds authorized by law, including Article XI-F(1) 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 TWO MILLION FIVE
HUNDRED THOUSAND DOLLARS ($2,500,000) par value be issued and the proceeds
from the sale of these STATE BOARD OF HIGHER EDUCATION BUILDING BONDS,
SERIES 1978 D, 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 Article XI-F(1) 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 BUILDING BONDS, SERIES 1978 D, and be
numbered consecutively; and

BE IT FURTHER RESOLVED that the said bonds be dated August 1, 1978, 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 February 1, 1993, from
the moneys and revenues indicated by law, including Article XI-F(1) of
the Constitution of the State of Oregon, and applicable provisions of ORS
Chapter 351; or through refunding; 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>Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 1, 1981</td>
<td>$40,000</td>
</tr>
<tr>
<td>February 1, 1982</td>
<td>$40,000</td>
</tr>
<tr>
<td>February 1, 1983</td>
<td>$45,000</td>
</tr>
<tr>
<td>February 1, 1984</td>
<td>$45,000</td>
</tr>
<tr>
<td>February 1, 1985</td>
<td>$50,000</td>
</tr>
<tr>
<td>February 1, 1986</td>
<td>$50,000</td>
</tr>
<tr>
<td>February 1, 1987</td>
<td>$55,000</td>
</tr>
<tr>
<td>February 1, 1988</td>
<td>$60,000</td>
</tr>
<tr>
<td>February 1, 1989</td>
<td>$60,000</td>
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<tr>
<td>February 1, 1990</td>
<td>$65,000</td>
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<tr>
<td>February 1, 1991</td>
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<td>February 1, 1993</td>
<td>$75,000</td>
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<td>$80,000</td>
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<td>February 1, 1995</td>
<td>$85,000</td>
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<td>$130,000</td>
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<tr>
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<td>$135,000</td>
</tr>
<tr>
<td>February 1, 2006</td>
<td>$140,000</td>
</tr>
<tr>
<td>February 1, 2007</td>
<td>$145,000</td>
</tr>
<tr>
<td>February 1, 2008</td>
<td>$150,000</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 him, 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:

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Number

UNITED STATES OF AMERICA
STATE OF OREGON
STATE BOARD OF HIGHER EDUCATION
BUILDING BOND
SERIES 1978 D

$5,000

$5,000

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 February, 1981, with interest on said sum from the date hereof until paid, at the rate of 6% per annum, payable semiannually on the first day of February and the first day of August 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 February 1, 1994, may be redeemed at the option of the State of Oregon, on and after February 1, 1993, 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

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thirty (30) days prior to the redemption date specified therein, by
pub lication 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 Con­
stitution and under and by virtue of and in all respects in full and
strict compliance with its laws, and in particular Article XI-F(1) of
the Oregon Constitution, and applicable provisions of ORS Chapter 351,
for the purpose of financing the cost 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 State Treasurer, and sealed with the seal of the
State of Oregon, and has caused the annexed interest coupons to be exe­
cuted with the facsimile signatures of its said officers, all as of the
first day of August, 1978.

Governor
(SEAL)
Secretary of State
State Treasurer

FORM OF COUPON

(For coupons maturing on February 1, 1979, up to
and including February 1, 1993)

No. On the first day of February, 1979, 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 Building Bond,
Series 1978 D, No._______.

(facsimile) (facsimile) (facsimile)
State Treasurer Secretary of State Governor
Meeting #446

June 23, 1978

(For coupons maturing on and after August 1, 1993)

No. ____________ On the first day of August, 1993, 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 Building Bond,
Series 1978 D, No. ____________.

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

The foregoing bond and coupon forms hereby are approved as to legal form
this _______ day of ____________, 1978.

JAMES A. REDDEN, Attorney General of
the State of Oregon

BE IT FURTHER RESOLVED that, as provided by ORS 351.430, the Secretary of
the Board be and she hereby is authorized to advertise the said STATE OF
OREGON, STATE BOARD OF HIGHER EDUCATION BUILDING BONDS, SERIES 1978 D,
for public sale thereof on or about August 8, 1978, at a price of not
less than $98 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 a
bond prospectus for bonds issued pursuant to this resolution.

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

Board Discussion and Action

Upon motion by Mrs. Daniels, the Board approved the recommendations and duly
adopted the above resolution as presented, including the amendment of the
sale date from August 1 to August 8, 1978. The following voted in favor:
Directors Anderson, Ater, Batiste, Carpenter, Daniels, Feves, Harms, Ingalls,
Moore, and Wyss. Those voting no: None.

The Vice President of the Board thereupon declared the resolution duly adopted
by a unanimous vote.
Staff Recommendation to the Board

To finance a portion of the cost of construction and remodeling projects for the educational and general plant, (such as the correction of safety deficiencies on all campuses, University of Oregon College of Education addition and alterations, and Portland State University Professional Schools Building--Education), it is necessary to sell State of Oregon, State Board of Higher Education Facilities Bonds, Series 1978 E, with a total par value of $3,245,000. Authorization for the sale is granted by Chapter 560, Oregon Laws 1977, Article XI-G of the Oregon Constitution, and ORS Chapter 351.

It is recommended that the Board authorize the sale of said Series 1978 E bond issue through approval of the following resolution by roll call vote:

$3,245,000 STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION FACILITIES BONDS, SERIES 1978 E

RESOLUTION

WHEREAS, THE STATE BOARD OF HIGHER EDUCATION deems it necessary, pursuant to law, including Article XI-G of the Constitution of the State of Oregon, Chapter 560, Oregon Laws 1977, and applicable provisions of ORS Chapter 351, to sell general obligation STATE BOARD OF HIGHER EDUCATION FACILITIES BONDS, SERIES 1978 E, of the State of Oregon, in the principal amount of $3,245,000 to provide for the acquisition of land and improvements to 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; 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, THREE MILLION TWO HUNDRED FORTY-FIVE THOUSAND DOLLARS ($3,245,000) par value of bonds authorized by law, including Article XI-G of the Constitution of the State of Oregon, Chapter 560, Oregon Laws 1977, and applicable provisions of ORS Chapter 351, be issued and sold; and

BE IT FURTHER RESOLVED that the said bonds totaling THREE MILLION TWO HUNDRED FORTY-FIVE THOUSAND DOLLARS ($3,245,000) par value be issued and the proceeds from the sale of these STATE BOARD OF HIGHER EDUCATION FACILITIES BONDS, SERIES 1978 E, be used for the acquisition of land and improvements to 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 Article XI-G of the Constitution of the State of Oregon, Chapter 560, Oregon Laws 1977, 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 FACILITIES BONDS, SERIES 1978 E, and be numbered consecutively; and

BE IT FURTHER RESOLVED that the said bonds be dated August 1, 1978, 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 February 1, 1993, from the moneys and revenues indicated by law, including Article XI-G of the Constitution of the State of Oregon, Chapter 560, Oregon Laws 1977, and applicable provisions of ORS Chapter 351; 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  Number
          STATE OF OREGON          
STATE BOARD OF HIGHER EDUCATION  Number
          FACILITIES BOND          
SERIES 1978 E

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 $5,000,000, payable semiannually on the first day of February and the first day of August 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 February 1, 1994, may be redeemed at the option of the State of Oregon, on and after February 1, 1993, 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 Article XI-G of the Oregon Constitution, Chapter 560, Oregon Laws 1977, and applicable provisions of ORS Chapter 351, for the purpose of financing the cost for the acquisition of land and improvements to land, and for the planning, constructing, altering, repairing, furnishing, and equipping 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 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 August, 1978.

Governor

(SEAL)

Secretary of State

State Treasurer
FORM OF COUPON

(For coupons maturing on February 1, 1979, up to
and including February 1, 1993)

No.____ On the first day of February, 1979, 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 Facilities Bond,
Series 1978 E, No.______.

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

(For coupons maturing on and after August 1, 1993)

No.____ On the first day of August, 1993, 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 Facilities Bond,
Series 1978 E, No.______.

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

The foregoing bond and coupon forms hereby are approved as to legal form
this ______ day of __________, 1978.

JAMES A. REDDEN, Attorney General of
the State of Oregon

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BE IT FURTHER RESOLVED that, as provided by ORS 351.430, the Secretary of the Board be and she hereby is authorized to advertise the said STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION FACILITIES BONDS, SERIES 1978 E, for public sale thereof on or about August 8, 1978, at a price of not less than $100 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 a bond prospectus 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 Discussion and Action

Upon motion by Mr. Moore, the Board approved the recommendations and duly adopted the above resolution as presented, including the amendment of the sale date from August 1 to August 8, 1978. The following voted in favor: Directors Anderson, Ater, Batiste, Carpenter, Daniels, Feves, Harms, Ingalls, Moore, and Wyss. Those voting no: None.

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

(Considered by Committee on Finance, Administration, and Physical Plant, June 23, 1978; present--Ingalls, Ater, Batiste, and Moore.)

Staff Recommendation to the Committee

At the request of the Health Sciences Center, it was recommended that the Board authorize a request to the Emergency Board for an allocation of $500,000 from the Emergency Fund to supplement the budget of the School of Medicine.

Discussion and Recommendation by the Committee

Acting President Jones distributed financial exhibits relating to the necessity for the Emergency Board request. He indicated that a potential deficit between $800,000 and $1 million was anticipated for 1978-79. Various proposals to avoid the potential deficit have been examined in the School of Medicine. These include:

1. Continuation into 1978-79 of the 6% budget cut imposed for 1977-78;
2. Elimination of commitments previously made for 1978-79 to the Departments of Medicine and Clinical Pathology;
3. Imposition of a further 3-4% budget cut in addition to the 6% reduction now in effect;
4. Reduction or elimination of free-standing programs which impact minimally on the instructional missions of the School of Medicine, specifically the Child Psychiatric Day Treatment Center; and
5. Elimination of other staff or fixed-term appointments who are outside of the Psychiatric Day Treatment Center.
Dr. Jones said a preferable alternative to these reductions would be seeking General Fund relief from the Emergency Board as presented in the staff recommendation to the Board.

Dr. Jones said a request to the Emergency Board would be the most reasonable and justifiable alternative for the following reasons:

1. The quality of programs in the School of Medicine would suffer significantly if further reductions in departmental budgets were imposed;

2. The Child Psychiatric Day Treatment Center is highly cost effective as a clinical care public service program and is indirectly important in the educational mission, particularly to the Department of Psychiatry;

3. The School of Medicine presently has a substandard number of faculty to teach and supervise students as compared with other medical schools in the country, ranking in the lower 25th percentile of the desirable ratio of students to faculty;

4. Significant expansion of resources other than state General Fund support does not appear possible at this time.

5. Other budget cuts made by the Legislature have reduced the flexibility of the Medical School to make shifts among funding sources to balance the budget without causing serious reductions in the program.

Dr. Robert Grover, Associate Dean of the School of Medicine, said the 3-4% cut in addition to the 6% would require that the faculty would again withhold their undistributed salary increases. Faculty positions would remain unfilled and the specific positions involve clinical teachers who also admit patients. Continuing education for practicing physicians would be curtailed. Seven students would be assigned to a cadaver in anatomy. The ideal is two students and the national norm is four. A student lab would be decreased in microbiology. Services and supplies would be affected, and this area has suffered previous curtailment.

Mr. Ingalls asked why this budget had suffered so severely in the decisions of Ways and Means.

Mr. Holmer responded that the transfer of the interns and residents from the School of Medicine budget to the Hospital budget was a logical and reasonable course of action, but this action had a disastrous effect on the flexibility of the Medical School to deal with underfunding in the budget. Capitation was not considered by the Legislature in any effective way in dealing with the budgets.

Mr. Ingalls said he was concerned about the stature of the Medical School and the 6% cut. He said adding another 3% would be devastating. He asked whether there were any other way to obtain the necessary funds or whether additional resources should be requested from the Emergency Board.

Mr. Holmer said it would be possible to justify a larger request on the basis of the needs, but that the proposed action, together with a subsequent item on the agenda to utilize funds from a trust account, would be an appropriate
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step at this time. In response to further questions from Mr. Batiste, Mr. Holmer said the present proposal would preserve the Medical School from further deterioration and the enhancement should be considered by the full Legislature in the biennial budget.

The Committee recommended that the Board approve a request to the Emergency Board in the amount of $750,000. The $250,000 above the staff recommendation of $500,000 was recommended by the Committee in order to reduce the proposed budget cut from 6% to 3% for 1978-79.

Board Discussion and Action

Mr. Ater said the budget hearings had indicated clearly the serious financial problem at the School of Medicine particularly. He said the Committee had recommended that the request to the Emergency Board be increased to $750,000 in order to reduce a previous budget cut of 6% now in effect to 3% for 1978-79.

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Ater, Batiste, Carpenter, Daniels, Harms, Ingalls, Moore, and Wyss. Those voting no: None.

Staff Report to the Committee

This request is necessitated by a number of factors which have impacted the budget of the School in the current biennium. Among the most significant of these are the following:

1. The substitution for state general funds of a portion of the University Hospital transfer associated with professional fee billing. ($680,251)

2. The overestimate of indirect cost income potential for the Health Sciences Center as a whole. ($608,000)

3. The shortfall of income from professional fees as reflected in the revenues to the MEIF account. ($350,000)

4. The continued reduction of the award from the federal government for medical capitation grants. ($71,667)

5. Budget reductions associated with the underfunding of classified and academic pay plans as well as OPE. ($220,415)

The School of Medicine has undertaken a series of economy measures designed to make up budget deficits associated with these actions. Among the most significant steps taken to date have been the confiscation of a large number of vacant positions, the across-the-board cutting of budgets for all departments of the School of Medicine by 6%, the withholding of services and supplies inflation monies that would otherwise have been allocated to the departments, and the curtailment of many normally justified expenditures such as faculty travel, equipment acquisition, and supplies purchases from non-state accounts. The measures taken to date have not included the elimination of whole programs or the forced dismissal of faculty or staff for budgetary reasons. Even so, further savings are necessary to balance the budget of the School of Medicine in the current biennium. Program curtailments and personnel dismissals will be required, unless relief is provided.
The School of Medicine has already proposed the liquidation of two endowment/quasi-endowment accounts as a part of the process by which the budget for the current biennium will be brought into balance. Even with this extremely drastic and undesirable measure, a measure which at best buys time and is of a non-recurring benefit, the budget of the School of Medicine is approximately $500,000 out of balance for 1978-79. The School of Medicine is considering the following measures in order to fully balance the budget by June 30, 1979:

1. Reduction of FTE and/or termination of persons on fixed-term appointments, primarily junior faculty and research assistants/associates.

2. Significant reduction or elimination of the Child Psychiatric Day Treatment Center program.

3. Further across-the-board budget reductions for all departments approximating an additional 3% of base budget.

In reviewing these extremely serious steps, it is necessary to be mindful of the consequences that their implementation will have on the programmatic integrity of the School of Medicine. The consequences of these measures are in every case very serious and far reaching. For example, some legislators and others would regard the Child Psychiatric Day Treatment Center as a dedicated program, that should not be curtailed in solving the general fiscal unbalance in the School of Medicine. Similarly, the curtailment of fixed-term appointments simply shifts activities now performed by junior faculty and research assistants/associates to the more senior faculty positions who are in most cases significantly over-extended in their assignments.

(Considered by Committee on Finance, Administration, and Physical Plant, June 23, 1978; present--Ingalls, Ater, Batiste, and Moore.)

Staff Recommendation to the Committee

At the request of the Health Sciences Center, it was recommended that the Board authorize the acceptance and use in the current biennium the proceeds of the Liquidation of the Jennie P. Weeks trust account held by the First National Bank on behalf of the School of Medicine.

Discussion and Recommendation by the Committee

The Committee recommended that the Board approve the staff recommendation as presented. During the discussion, it was indicated that the recommendation was made reluctantly, but that there appeared to be no other alternative in view of the financial problems of the Medical School.

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Ater, Batiste, Carpenter, Daniels, Feves, Harms, Ingalls, Moore, and Wyss. Those voting no: None.

Staff Report to the Committee

There are 36 known trust accounts established for the benefit of a variety of activities at the Health Sciences Center that are held by banks (34) or individuals (2). Current income from 30 of these trusts is recorded and expended through Center accounts. The asset value to the Health Sciences
Meeting #446
June 23, 1978

Center of these accounts is estimated at about $2,000,000. Board-held endowment funds of the Center are about $7,000,000. The Jennie P. Weeks trust has a value of $150,542.12. Receipt of such a sum would normally be treated as a quasi-endowment. However, the unplanned shortages of income being experienced by the School of Medicine in 1977-79 require severe budget reductions. The use of the Weeks trust principal for current School of Medicine operations is permitted by the terms of the trust and would avoid certain operating budget reductions whose long-term impact ought to be averted.

The use of the Weeks trust in this way would reduce the total assets held in trust for the Center by less than 1.7 percent. Because of the urgency of the present financial situation, such use appears to be fiscally prudent.

ELECTION OF OFFICERS

Vice President Harms indicated that a nominating committee had been appointed to recommend nominees for the 1978-79 officers of the Board. He requested Mrs. Daniels to present the report of the committee.

Mrs. Daniels reported that the nominating committee had been composed of Mr. Anderson, Mr. Ingalls, and Mrs. Daniels. The committee recommended that the current officers be reelected for 1978-79, as follows: Mr. Louis B. Perry, President; Mr. Edward C. Harms, Jr., Vice President; and Mr. Loren L. Wyss as the third member of the Executive Committee.

There being no further nominations, the Board approved a motion that the nominations be closed and the Secretary instructed to cast a unanimous ballot for the slate of officers recommended by the nominating committee. The following voted in favor: Directors Anderson, Ater, Batiste, Carpenter, Daniels, Peves, Harms, Ingalls, Moore, and Wyss. Those voting no: None. The Secretary cast the ballot as instructed.

CHANCELLOR'S REPORT
Recognition of R. Peterson

The Chancellor reported that Mr. Robert Peterson, of the University of Oregon Health Sciences Center, would be leaving the State System to accept a position at the University of Arizona as Vice President for Administration. The Chancellor indicated that he did not consider this a permanent move and expressed appreciation for Mr. Peterson's service to the State System.

PRESIDENT'S REPORT
R. Daniels, Certificate of Recognition

Vice President Harms read the following Certificate of Recognition commending Mrs. Ruth Odegaard Daniels at the conclusion of her term of service on the Board:

Honoring
RUTH ODEGAARD DANIELS
June 23, 1978

The members of the Oregon State Board of Higher Education wish to extend their warm appreciation to their colleague, Ruth Daniels, who is completing her membership on the Board.

On her appointment to the Board two years ago, Ruth commented that she was not going to serve as a student representative but as an individual who would make individual decisions.
Her acumen in perceiving the significant difference between public interest and special interest demonstrated that she was wise beyond her years.

During her two years as a student member, Ruth has maintained this challenging course, always reaching beyond that which was obvious to that which was right.

In so doing, she has provided outstanding service to the State System of Higher Education, and to the state. Whatever the task—as a member of the Board's Committee on Instruction, Research, and Public Service Programs, or in undertaking special assignments—Ruth gave of herself freely and cheerfully. She brought to the deliberations an eagerness to learn and an ability to work her way through complex issues.

The members of the Board wish to take this opportunity to thank Ruth publicly for her dedicated service and for her many contributions toward the betterment of public higher education in Oregon. They extend to her warm wishes for success and fulfillment in her chosen field—teaching. We are certain that her students will be in good hands.

In moving adoption of the resolution, Mr. Harms said that Mrs. Daniels had made a great contribution to the dimension of Board service in the warm personal relationships which develop and which make public service not only more enjoyable but more effective.

It was indicated that it might be more appropriate to refer to student members as members who are also students, and that Mrs. Daniels had been outstanding in this regard.

The Board adopted the resolution as presented, with the following voting in favor: Directors Anderson, Ater, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, and Wyss. Those voting no: None. Mrs. Daniels abstained.

The Board meeting was adjourned at 12:00 Noon, P.D.T., on June 23, 1978.

[Signatures]

Louis B. Perry, President
Wilma L. Foster, Secretary