

Enrolled
Senate Bill 5703

Sponsored by JOINT COMMITTEE ON WAYS AND MEANS

CHAPTER

AN ACT

Relating to state financial administration; creating new provisions; amending ORS 351.374, 352.113 and 352.138 and section 4, chapter 609, Oregon Laws 2009, sections 1, 2, 3, 8 and 9, chapter 705, Oregon Laws 2013, and sections 8 and 20, chapter 786, Oregon Laws 2013; appropriating money; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Section 8, chapter 786, Oregon Laws 2013, is amended to read:

Sec. 8. (1) For the biennium beginning July 1, 2013, at the request of the Oregon Department of Administrative Services, after the department consults with the State Department of Energy, the State Treasurer [*is authorized to*] **may** issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount [*that produces \$5*] **not to exceed \$10** million in net proceeds [*and interest earnings*] for the purposes described in subsection (2) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs.

(2) Net proceeds of lottery bonds issued under this section and interest earnings must be transferred to the State Department of Energy in an amount sufficient to provide [*\$5*] **\$10** million in net proceeds and interest earnings for deposit in the [*Clean Energy Deployment Fund established in ORS 470.800 for the purposes described in ORS 470.810.*] **Jobs, Energy and Schools Fund established in ORS 470.575 to provide a grant to Clean Energy Works Oregon for the purposes described in ORS 470.575.**

(3) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds and native fish and wildlife, and is authorized based on the following findings:

(a) Increasing and promoting energy efficiency in structures and operations statewide increases economic development and energy conservation, and expands opportunities for new and emerging industries in Oregon.

(b) The projects made possible through increased funding of energy efficiency programs creates jobs and furthers economic development.

SECTION 2. Section 20, chapter 786, Oregon Laws 2013, is amended to read:

Sec. 20. (1) For the biennium beginning July 1, 2013, at the request of the Oregon Department of Administrative Services, after the department consults with [*the North Central Education Service District*] **Wheeler County**, the State Treasurer [*is authorized to*] **may** issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount [*that produces*] **not to exceed \$1** million in net proceeds [*and interest earnings*] for the purpose described in subsection (2) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs.

(2) Net proceeds of lottery bonds issued under this section in an amount sufficient to provide \$1 million in net proceeds and interest earnings must be transferred to the department for deposit in the ODAS Economic Development Distributions Fund established in [section 23 of this 2013 Act] **ORS 461.553** for distribution to [the North Central Education Service District] **Wheeler County for the Frontier Digital Network** for the purpose of acquiring digital switching equipment needed to improve [education and] public safety services in [the three counties] **Gilliam, Sherman and Wheeler Counties.**

(3) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds and native fish and wildlife, and is authorized based on the finding that [education and] public safety [are] **is a** necessary [components] **component** of a climate that facilitates and encourages economic development.

SECTION 3. Section 1, chapter 705, Oregon Laws 2013, is amended to read:

Sec. 1. The amounts authorized, as provided by ORS 286A.035, for issuance of general obligation bonds of this state during the 2013-2015 biennium are as follows:

GENERAL OBLIGATION BONDS

General Fund Obligations

(1) Oregon University System (Art. XI-G):		
(a) Oregon State University:		
(A) Strand Agricultural Hall deferred maintenance	\$	6,586,000
[(B) Biofuels Demonstration] [Project	\$	4,000,000]
[(C) Classroom Building and Quad	\$	32,500,000]
[(D) Cascades Campus Expansion	\$	4,000,000]
(B) Classroom Building and Quad	\$	32,500,000
(C) Cascades Campus Expansion	\$	7,850,000
[(E) Chemistry, Biology and]		
(D) Chemistry, Biology and Environmental Engineering Building	\$	20,000,000
(b) Portland State University:		
(A) School of Business	\$	10,000,000
(B) Stott Center renovations and deferred maintenance	\$	20,000,000
(c) University of Oregon:		
(A) Straub and Earl Halls classroom expansion	\$	11,000,000
(B) Science Commons and Research Library	\$	8,375,000
(d) Western Oregon University New College of Education Facility	\$	1,400,000
(e) Oregon Health and Science University Cancer Institute	\$	161,490,000
(2) Department of Community Colleges and Workforce [Development (Art. XI-G)	\$	125,081,600]
Development (Art. XI-G)	\$	123,451,600
(3) Department of Environmental Quality (Art. XI-H)	\$	10,000,000

(4)	Oregon Business Development Department (Art. XI-M)	\$	15,000,000
(5)	Oregon Business Development Department (Art. XI-N)	\$	15,000,000
(6)	Oregon Department of Administrative Services (Art. XI-Q)	\$	426,052,000]
	Services (Art. XI-Q)	\$	459,618,100
<u>Dedicated Fund Obligations</u>			
(7)	Department of Transportation (Art. XI, section 7)	\$	453,725,000
(8)	Department of Veterans' Affairs (Art. XI-A)	\$	60,000,000
(9)	Oregon University System (Art. XI-F(1)):		
(a)	Systemwide:		
(A)	Capital renewal, code compliance and safety	\$	3,300,000
(B)	Commercial paper	\$	15,000,000
(C)	Student building fee projects	\$	20,000,000
(b)	Oregon Institute of Technology In Focus Building acquisition	\$	10,000,000
(c)	Oregon State University:		
(A)	Student Experience Center	\$	42,700,000
(B)	New student residence hall	\$	19,000,000
(C)	Memorial Union East Wing renovation	\$	9,177,500
(D)	Cascades campus expansion	\$	4,000,000
(E)	Housing and dining facility upgrades	\$	9,500,000
(d)	Portland State University:		
(A)	Stott Center renovations and deferred maintenance	\$	2,000,000
(B)	Land acquisition	\$	10,000,000
(e)	Southern Oregon University:		
(A)	Cascade Hall replacement	\$	7,000,000
(B)	Student Recreation and Fitness Center	\$	20,000,000
(f)	University of Oregon:		
(A)	Erb Memorial Union	\$	84,300,000
(B)	Student Recreation Center expansion and renovation	\$	50,250,000
(C)	Housing expansion	\$	84,750,000
(10)	Water Resources Department (Art. XI-I(1))	\$	10,235,000
(11)	Housing and Community Services Department (Art. XI-I(2))	\$	25,000,000
(12)	State Department		

of Energy (Art. XI-J)	\$ 60,000,000
<u>Total General Obligation</u>	
<u>[Bonds</u>	\$ 1,708,932,100]
Bonds	\$ 1,902,208,200

SECTION 4. Section 2, chapter 705, Oregon Laws 2013, is amended to read:

Sec. 2. The amounts authorized, as provided by ORS 286A.035, for issuance of revenue bonds of this state during the 2013-2015 biennium are as follows:

REVENUE BONDS

Direct Revenue Bonds

Housing and Community Services Department	\$ 150,000,000
Department of Transportation, Oregon Transportation Infrastructure Fund	\$ 20,400,000
Highway User Tax Bonds	\$ 846,690,000
Toll-backed Revenue Bonds	\$ 663,000,000
Oregon Business Development Department	\$ 35,000,000
Oregon Department of Administrative Services	
<i>[lottery revenue bonds</i>	<i>\$ 157,557,715]</i>
lottery revenue bonds	\$ 219,717,715
State Department of Energy	\$ 20,000,000
Oregon University System	\$ 50,000,000

Total Direct Revenue

<u>[Bonds</u>	<u>\$ 1,942,647,715]</u>
Bonds	\$ 2,004,807,715

Pass-Through Revenue Bonds

Oregon Business Development Department industrial	
<i>[development bonds</i>	<i>\$ 65,000,000]</i>
<i>[Oregon Facilities Authority</i>	<i>\$ 450,000,000]</i>
development bonds	\$ 165,000,000
Oregon Business Development Department beginning and expanding farmer loan program	\$ 10,000,000
Oregon Facilities Authority	\$ 950,000,000
Housing and Community Services Department	\$ 150,000,000

Total Pass-Through Revenue

<u>[Bonds</u>	<u>\$ 665,000,000]</u>
<u>[Total Revenue Bonds</u>	<u>\$ 2,607,647,715]</u>
Bonds	\$ 1,275,000,000
Total Revenue Bonds	\$ 3,279,807,715

SECTION 5. Section 3, chapter 705, Oregon Laws 2013, is amended to read:

Sec. 3. The amount authorized, as provided by ORS 286A.035, for issuance of certificates of participation and other financing agreements of this state during the 2013-2015 biennium for the Oregon Department of Administrative Services is [~~\$40,000,000~~] **\$55,600,000**.

SECTION 6. Section 8, chapter 705, Oregon Laws 2013, is amended to read:

Sec. 8. (1) Out of the amount specified in section 1 (6), **chapter 705, Oregon Laws 2013** [*of this 2013 Act*], the State Treasurer may issue Article XI-Q bonds in an amount not to exceed [~~\$15~~] **\$19**

million of net proceeds for the purposes specified in subsection (3) of this section, plus an amount estimated by the State Treasurer to pay estimated bond-related costs.

(2)(a) Bonds may not be issued pursuant to this section unless:

(A) The Chief Justice of the Supreme Court has determined that:

(i) The courthouse with respect to which the bonds will be issued has significant structural defects, including seismic defects, that present actual or potential threats to human health and safety;

(ii) Replacing the courthouse, whether by acquiring and remodeling or repairing an existing building or by constructing a new building, is more cost-effective than remodeling or repairing the courthouse; and

(iii) Replacing the courthouse creates an opportunity for colocation of the court with other *[public]* **state** offices; and

(B) The Oregon Department of Administrative Services has approved the project for which the bonds will be issued.

(b) The Oregon Department of Administrative Services, after consultation with the Judicial Department, shall determine when net proceeds are needed for the purposes described in subsection (3) of this section and shall consult with the Judicial Department regarding the sale of bonds to be issued pursuant to this section.

(3) The State Treasurer shall deposit the net proceeds of bonds issued pursuant to this section in the Oregon Courthouse Capital Construction and Improvement Fund. The net proceeds and any interest earnings may be used solely to finance costs related to acquiring, constructing, remodeling, repairing, equipping or furnishing **land, improvements**, courthouses or portions of courthouses that are, **or that upon completion of a project funded under this section will be**, owned or operated by the State of Oregon.

(4) As used in ORS 286A.816 to 286A.826 with respect to this section:

(a) "Project agency" means the Judicial Department.

(b) "Project fund" means the Oregon Courthouse Capital Construction and Improvement Fund.

SECTION 7. Section 9, chapter 705, Oregon Laws 2013, is amended to read:

Sec. 9. (1)(a) Notwithstanding ORS 1.185, a county and the state, acting by and through the Oregon Department of Administrative Services on behalf of the Judicial Department, may enter into *[a lease agreement or an intergovernmental agreement]* **interim agreements that provide for the funding, acquisition, development and construction of a courthouse and require the parties to negotiate in good faith and execute a long-term lease agreement or a long-term intergovernmental agreement** with respect to **the ownership or operation of** a courthouse or portions of a courthouse that the county is required to provide under ORS 1.185, pursuant to which the state agrees to provide the property and services described in ORS 1.185 (1)(a).

(b)(A) An agreement entered into pursuant to this subsection may include a requirement that the county transfer to the Oregon Courthouse Capital Construction and Improvement Fund an amount not less than 50 percent of the total estimated costs of a project funded with bonds issued pursuant to section 8, **chapter 705, Oregon Laws 2013**, *[of this 2013 Act]* with respect to the courthouse or portions of a courthouse that are the subject of the agreement.

(B) The amount transferred by a county pursuant to this paragraph may comprise, **singly or in any combination and proportion**:

(i) Property tax revenues, bond proceeds or any other county moneys *[singly or in any combination and proportion]*; and

(ii) **A credit equal to the higher of the appraised value or the actual purchase price of land purchased by the county for the courthouse if the state approves of the land as the site for the courthouse.**

[(B)] (C) The amount required to be transferred by the county under this subsection may not be less than 75 percent of the total estimated costs unless the project includes colocation *[of state facilities]* in the courthouse **of state offices in addition to the state circuit court facilities.**

(2) For purposes of section 8, **chapter 705, Oregon Laws 2013** [of this 2013 Act], the state shall be considered to operate a courthouse or portions of a courthouse that are the subject of an agreement entered into pursuant to subsection (1) of this section if, as applicable:

(a) The lease agreement conveys to the state a full leasehold interest, including exclusive rights to control and use the courthouse or portions of the courthouse that are typical of a long-term lease, for a term that is at least equal to the term during which the bonds issued pursuant to section 8, **chapter 705, Oregon Laws 2013**, [of this 2013 Act] will remain outstanding.

(b) The intergovernmental agreement grants the state the exclusive right to control and use the courthouse or portions of the courthouse for a term that is at least equal to the term during which the bonds issued pursuant to section 8, **chapter 705, Oregon Laws 2013**, [of this 2013 Act] will remain outstanding.

SECTION 8. (1) For the biennium beginning July 1, 2013, at the request of the Oregon Department of Administrative Services, after the department consults with the Beaverton Community Health Collaborative, the State Treasurer is authorized to issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount that does not exceed \$1 million in net proceeds for the purpose described in subsection (2) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs.

(2) Net proceeds of lottery bonds issued under this section in an amount sufficient to provide \$1 million in net proceeds and interest earnings must be transferred to the department for deposit in the ODAS Economic Development Distributions Fund established in ORS 461.553 for distribution to the Beaverton Community Health Collaborative for the development of a health and wellness facility to deliver medical, dental, mental and public health and wellness services in an interdisciplinary way to low-and moderate-income households and special needs populations in the Beaverton area.

(3) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds and native fish and wildlife, and is authorized based on the finding that the health and wellness facility creates jobs and facilitates and encourages economic development by promoting the health and well-being of Oregon's labor force.

SECTION 9. (1) For the biennium beginning July 1, 2013, at the request of the Oregon Department of Administrative Services, after the department consults with the Mid-Columbia Medical Center, the State Treasurer is authorized to issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount that does not exceed \$1 million in net proceeds for the purpose described in subsection (2) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs.

(2) Net proceeds of lottery bonds issued under this section in an amount sufficient to provide \$1 million in net proceeds and interest earnings must be transferred to the department for deposit in the ODAS Economic Development Distributions Fund established in ORS 461.553 for distribution as a grant to the Mid-Columbia Medical Center for the purpose of a capital construction project to improve or expand the medical center.

(3) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds and native fish and wildlife, and is authorized based on the finding that the capital construction project creates jobs and facilitates and encourages long-term economic development in the region.

SECTION 10. (1) For the biennium beginning July 1, 2013, at the request of the Oregon Department of Administrative Services, after the department consults with the City of Cornelius, the State Treasurer is authorized to issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount that does not exceed \$2.4 million in net proceeds for the purpose described in subsection (2) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs.

(2) Net proceeds of lottery bonds issued under this section in an amount sufficient to provide \$2.4 million in net proceeds and interest earnings must be transferred to the department for deposit in the ODAS Economic Development Distributions Fund established in ORS 461.553 for distribution to the City of Cornelius for the purpose of financing the development of a new public library.

(3) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds and native fish and wildlife, and is authorized based on the finding that public libraries are a service that is part of the provision of public education to Oregonians.

SECTION 11. (1) For the biennium beginning July 1, 2013, at the request of the Oregon Department of Administrative Services, after the department consults with the City of Stayton, the State Treasurer is authorized to issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount that does not exceed \$1.5 million in net proceeds for the purpose described in subsection (2) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs.

(2) Net proceeds of lottery bonds issued under this section in an amount sufficient to provide \$1.5 million in net proceeds and interest earnings must be transferred to the department for deposit in the ODAS Economic Development Distributions Fund established in ORS 461.553 for distribution to the City of Stayton for the purpose of financing the improvement or maintenance of storm water infrastructure.

(3) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds and native fish and wildlife, and is authorized based on the finding that the improvement and maintenance of storm water infrastructure creates jobs and maintains public facilities that are necessary to facilitate and encourage economic development.

SECTION 12. (1) Subject to subsection (2) of this section, for the biennium beginning July 1, 2013, at the request of the Oregon Department of Administrative Services, after the department consults with Oregon Health and Science University, the State Treasurer is authorized to issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount that does not exceed \$38 million in net proceeds for the purpose described in subsection (3) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs.

(2) The lottery bonds authorized by this section may not be issued until the Oregon Department of Administrative Services certifies to the State Treasurer that Oregon Health and Science University has complied with the terms and conditions imposed by the grant agreement required by section 22 of this 2014 Act for issuance of the OHSU Cancer Challenge Article XI-G Bonds.

(3) Net proceeds of lottery bonds issued under this section in an amount sufficient to provide \$38 million in net proceeds and interest earnings must be transferred to the department for deposit in the ODAS Economic Development Distributions Fund established in ORS 461.553 for distribution to Oregon Health and Science University for the purpose of financing the project, as defined in section 20 of this 2014 Act.

(4) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds and native fish and wildlife, and is authorized based on the finding that the project will create jobs and facilitate and encourage long-term economic development by promoting the health of Oregon's labor force.

SECTION 13. (1) For the biennium beginning July 1, 2013, at the request of the Oregon Department of Administrative Services, after the department consults with the Port of Morrow, the State Treasurer is authorized to issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount that does not exceed \$2.9 million in net proceeds for the purpose

described in subsection (2) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs.

(2) Net proceeds of lottery bonds issued under this section in an amount sufficient to provide \$2.9 million in net proceeds and interest earnings must be transferred to the department for deposit in the ODAS Economic Development Distributions Fund established in ORS 461.553 for distribution to the Port of Morrow for a revolving loan program that supports energy conservation, renewable energy and general business development projects.

(3) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds and native fish and wildlife, and is authorized based on the finding that energy conservation, renewable energy and general business development projects create jobs and facilitate and encourage economic development.

SECTION 14. (1) For the biennium beginning July 1, 2013, at the request of the Oregon Department of Administrative Services, after the department consults with the Department of Community Colleges and Workforce Development, the State Treasurer is authorized to issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount that does not exceed \$1.63 million in net proceeds for the purpose described in subsection (2) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs.

(2) Net proceeds of lottery bonds issued under this section in an amount sufficient to provide \$1.63 million in net proceeds and interest earnings must be deposited to the Cascades Hall Reacquisition Fund established under section 14a of this 2014 Act for the purpose of terminating the leasehold on, and remodeling, Cascades Hall on the campus of the Central Oregon Community College.

(3) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds and native fish and wildlife, and is authorized based on the finding that the proceeds will be used to finance public education.

SECTION 14a. (1) The Cascades Hall Reacquisition Fund is established in the State Treasury, separate and distinct from the General Fund. Amounts in the Cascades Hall Reacquisition Fund may be invested as provided in ORS 293.701 to 293.857, and interest earned on the fund must be credited to the fund.

(2) Amounts credited to the fund are continuously appropriated to the Department of Community Colleges and Workforce Development for the purpose of terminating the leasehold on, and remodeling, Cascades Hall on the campus of the Central Oregon Community College and for the purpose of paying bond-related costs. The department shall deposit in the fund:

(a) The net proceeds and interest earnings of lottery bonds issued pursuant to section 14 of this 2014 Act;

(b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit in the fund; and

(c) Gifts, grants or contributions received by the department for the purpose described in this section.

(3) The department may create separate accounts in the fund as appropriate for the management of moneys in the fund.

SECTION 15. Section 4, chapter 906, Oregon Laws 2009, as amended by section 3, chapter 624, Oregon Laws 2011, and section 19, chapter 786, Oregon Laws 2013, is amended to read:

Sec. 4. (1) Pursuant to ORS 286A.560 to 286A.585, at the request of the Oregon Department of Administrative Services, after the department consults with the Housing and Community Services Department, the State Treasurer is authorized to issue lottery bonds for the Housing and Community Services Department to provide financial assistance to aid in the acquisition, renovation or maintenance of section 8 housing or other housing with federal rent subsidies.

(2) The use of lottery bond proceeds is authorized based on the following findings:

(a) Individuals who are at risk of homelessness or who otherwise pay a disproportionate share of income for housing increase their potential for self-sufficiency, and use proportionately fewer community-funded resources when they are provided a stable housing environment.

(b) Having housing for at-risk populations is essential to Oregon's healthy economic growth.

(3) The aggregate principal amount of lottery bonds issued pursuant to subsection (1) of this section may not exceed the amount of [~~\$26,301,718~~] **\$28,801,718** plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs as defined in ORS 286A.560.

SECTION 16. ORS 352.113 is amended to read:

352.113. (1) Legal title to all real property acquired by a university with a governing board [*shall*] **must** be taken and held in the name of the State of Oregon, acting by and through the governing board. Legal title to all real property conveyed to a university with a governing board is considered to be conveyed to and vested in the State of Oregon, acting by and through the governing board. Authorized conveyances of all real property, other than university lands, acquired by or vested in the State of Oregon for the use or benefit of the university must be executed in the name of the State of Oregon, acting by and through the governing board, by the chairperson of the governing board.

(2) The governing board has custody and control of and shall care for all real property used for university purposes. Management, maintenance, encumbrance, disposal and preservation of all real property used for university purposes, whether the real property is acquired before or after the establishment of a governing board, is the responsibility of the governing board. Unless the governing board has granted prior consent, real property taken and held under this section may only be encumbered by the State of Oregon in accordance with state law and in a manner that would not impair the financial condition of the university or the rights of the holders of any obligations of the university issued or incurred under any master indenture or other financing agreement.

(3) Legal title to all personal property acquired, constructed, remodeled, repaired, equipped or furnished with the proceeds of bonds issued pursuant to Article XI-Q of the Oregon Constitution for the benefit of a university with a governing board must be taken and held in the name of the State of Oregon, acting by and through the governing board. The governing board has custody and control of the personal property and shall care for the personal property owned by the State of Oregon. When the Article XI-Q bonds are no longer outstanding, legal title to the personal property automatically by operation of law transfers to and vests in the university with a governing board for whose benefit the Article XI-Q bonds were issued.

[~~(3)~~] (4) Unless the State Treasurer has granted prior consent, real or personal property held in the name of the State of Oregon, or in which the State of Oregon has an ownership or other legal interest, that was acquired, constructed, improved with or otherwise directly benefited by the proceeds of outstanding state bonds, may not be:

(a) Used by a governing board in a manner that would give rise to private business use; or

(b) Sold, transferred, encumbered, leased or otherwise disposed of by a governing board. The reference to leases in this paragraph does not apply to residential leases that a governing board enters into with students, faculty or employees of the university.

SECTION 17. ORS 352.138 is amended to read:

352.138. (1) The following entities are not subject to any provision of law enacted after January 1, 2013, that is unique to governmental entities unless the following entities are expressly named:

(a) A university with a governing board; and

(b) Any not-for-profit organization or other entity if the equity of the entity is owned or controlled exclusively by a university with a governing board and if the organization or entity is created by the university to advance any of the university's statutory missions.

(2) Notwithstanding subsection (1) of this section, the provisions of ORS 30.260 to 30.460, 33.710, 33.720, 200.005 to 200.025, 200.045 to 200.090, 236.605 to 236.640, 276.080, 276.090, 279.835, 279.840,

279.850 and 297.040 and ORS chapters 35, 190, 192 and 244 apply to a university with a governing board under the same terms as they apply to public bodies other than the state.

(3) Except as otherwise provided by law, the provisions of ORS 35.550 to 35.575, 180.060, 180.210 to 180.235, 184.305 to 184.345, 190.480, 190.490, 200.035, 243.696, 357.805 to 357.895 and 656.017 (2) and ORS chapters 182, 183, 240, 270, 273, 276, 278, 279A, 279B, 279C, 282, 283, 291, 292, 293, 294, 295 and 297 do not apply to a university with a governing board.

(4) Notwithstanding subsections (1) and (3) of this section, ORS 240.167, 279C.600 to 279C.625, 279C.800, 279C.810, 279C.825, 279C.830, 279C.835, 279C.840, 279C.845, 279C.850, 279C.855, 279C.860, 279C.865, 279C.870 and 292.043 apply to a university with a governing board under the same terms as they apply to public bodies other than the state.

(5) Notwithstanding subsection (2) of this section, ORS 190.430 and 192.105 do not apply to a university with a governing board or any organization or other entity described in subsection (1) of this section.

(6) Except as set forth in subsection (3) of this section, ORS 243.650 to 243.782 apply to a university with a governing board under the same terms as they apply to the state.

(7) ORS 351.065, 351.067, 351.642, 351.643, 351.644, 351.646, 351.656, 351.658, 352.012 and 352.375 apply to a university with a governing board, except that the board or university shall exercise the responsibilities and authorities of the State Board of Higher Education, the Higher Education Coordinating Commission or the Oregon University System.

(8) A university with a governing board and its agents and employees remain subject to all statutes and administrative rules of this state that create rights, benefits or protections in favor of military veterans, service members and families of service members to the same extent as an agency of this state would be subject to such statutes and administrative rules.

(9) ORS 351.692, 351.695 and 351.697 apply to a governing board, except that the board has the responsibilities and authorities with respect to the university it governs that the State Board of Higher Education and the Oregon University System have with respect to the public universities identified in ORS 351.011. A university with a governing board may not issue a tax credit certificate under ORS 351.692, 351.695 and 351.697 that will cause the public universities listed in ORS 352.002 to owe the General Fund more than \$6 million at any one time under ORS 351.692, 351.695 and 351.697.

(10) If state bonds are issued for the benefit of a university with a governing board, the university shall have the powers and duties of a related agency, as defined in ORS 286A.001, to the extent necessary for the issuance of *[such]* the state bonds and the administration of the proceeds of the state bonds.

(11) If state bonds are issued for the benefit of a university with a governing board under Article XI-Q of the Oregon Constitution, the university shall have the powers and duties of a project agency, as defined in ORS 286A.816, to the extent necessary for the issuance of the state bonds and the administration of the proceeds of the state bonds.

[(11)] (12) Nothing in this section may be construed so that statutory provisions that are not set forth in this section apply to a university with a governing board.

SECTION 17a. ORS 351.374 is amended to read:

351.374. (1) A university with a governing board:

(a) May issue revenue bonds for any lawful purpose of the university in accordance with ORS chapter 287A.

(b) May issue under ORS 287A.360 to 287A.380 refunding bonds of the same character and tenor as the revenue bonds replaced.

(2) For the purposes of ORS 271.390 and ORS chapter 287A, a university with a governing board is a public body.

(3) ORS 287A.150 does not apply to revenue bonds issued by a university with a governing board.

(4) A university with a governing board:

(a) May grant leases of real property held by a trustee or lender for a term that ends on the date on which all amounts due under the operative documents have been paid, or provision for payment has been made, or for a term of up to 20 years after the last scheduled payment under the operative documents, whichever is sooner. The leases may grant the trustee or lender the right to evict the university and exclude the university from possession of the real property for the term of the lease if the university fails to pay when due the amounts scheduled to be paid under the operative documents or otherwise defaults under the operative documents. Upon default, the trustee or lender may sublease the real property to third parties and apply any rents to payments scheduled to be made under the operative documents.

(b) May not mortgage, pledge or grant a security interest in, or otherwise encumber, real or personal property that has been pledged or leased to provide security for, or acquired, constructed, improved with, or otherwise directly benefited by, the proceeds of outstanding state bonds, except as provided in ORS 352.113 [(3)] (4).

(5) Revenue bonds and other obligations authorized by this section:

(a) Are revenue bonds or obligations of a political subdivision of the State of Oregon.

(b) Are not an indebtedness or obligation of the State of Oregon and are not a charge upon revenue or property of the State of Oregon, except as provided in subsection (4) of this section.

(c) Are not a charge upon any revenue or property of a university with a governing board unless the revenue or property is pledged to secure the revenue bonds or other obligations.

(d) Are not payable from, and may not be secured by a pledge of or lien on, any amounts a university with a governing board is required to:

(A) Deposit with the State Treasurer pursuant to ORS 352.135 (2); or

(B) Pay to the State Treasurer pursuant to a schedule described in ORS 351.379.

SECTION 18. Sections 19 to 23 of this 2014 Act are added to and made a part of ORS chapter 286A.

SECTION 19. (1) The Legislative Assembly finds that:

(a) Oregon Health and Science University is a higher education institution and a constructing authority within the meaning of Article XI-G of the Oregon Constitution.

(b) The State of Oregon will benefit from having the State Treasurer issue general obligation bonds authorized by Article XI-G of the Oregon Constitution for the benefit of the university.

(c) The university may use proceeds of general obligation bonds issued for the university's benefit under Article XI-G of the Oregon Constitution, to acquire, construct, improve, repair, equip and furnish the OHSU Cancer Institute Project.

(d) As part of the university's efforts to provide world-class education, including research, health care and other mission-related programs of the university, the university needs buildings, structures and land that:

(A) Will be used for cancer-related research, clinical care and higher education facilities or operations; and

(B) May be used for research, health care or education facilities, programs or ancillary uses constructed, developed or operated in collaboration with other public or private parties.

(2) For purposes of Article XI-G, section 1 (2), of the Oregon Constitution, the Legislative Assembly determines that the university is a higher education institution that will be benefited by the issuance of general obligation bonds under Article XI-G of the Oregon Constitution.

(3) For purposes of Article XI-G, section 1 (3), of the Oregon Constitution, the Legislative Assembly determines that the use of matching funds by the university satisfies the requirement that the proceeds of Article XI-G bonds must be matched.

(4) The Legislative Assembly intends that the State Treasurer shall issue and sell the OHSU Cancer Challenge Article XI-G Bonds as soon as practicable after the Oregon Department of Administrative Services requests issuance of the bonds for the benefit of the university.

SECTION 20. As used in sections 19 to 23 of this 2014 Act:

(1) "Article XI-G bonds" means general obligation bonds issued under the authority of Article XI-G of the Oregon Constitution.

(2) "Bond-related costs" means:

(a) The costs of paying the principal of, the interest on and the premium, if any, on the OHSU Cancer Challenge Article XI-G Bonds.

(b) The costs and expenses of issuing, administering and maintaining OHSU Cancer Challenge Article XI-G Bonds, including the costs and expenses of:

(A) Redeeming the OHSU Cancer Challenge Article XI-G Bonds.

(B) Paying amounts due in connection with credit enhancement devices or agreements for exchange of interest rates.

(C) Paying the fees, administrative costs and expenses of the State Treasurer, the Oregon Department of Administrative Services or Oregon Health and Science University, including the costs of consultants or advisers retained by the State Treasurer, the department or the university.

(c) The costs of funding reserves for the OHSU Cancer Challenge Article XI-G Bonds.

(d) Capitalized interest for the OHSU Cancer Challenge Article XI-G Bonds.

(e) Rebates or penalties due to the United States in connection with the OHSU Cancer Challenge Article XI-G Bonds.

(f) Any other costs or expenses that the State Treasurer, the department or the university determines are necessary or desirable in connection with issuing and maintaining the OHSU Cancer Challenge Article XI-G Bonds.

(3) "Matching funds" means moneys in an aggregate amount totaling at least \$161,490,000 that are available, as required by Article XI-G, section 1 (3), of the Oregon Constitution, to the university and that are used by the university to pay costs of the project.

(4) "OHSU Cancer Challenge Article XI-G Bonds" means general obligation bonds issued or other general obligation indebtedness incurred under the authority of Article XI-G of the Oregon Constitution and sections 19 to 23 of this 2014 Act.

(5) "OHSU Cancer Institute Project" or "project" means the acquisition, construction, improvement, repair, equipping and furnishing of buildings, structures or lands that:

(a) May be constructed or developed in collaboration with other entities;

(b) Are owned, leased or occupied, in whole or in part, by the university; and

(c) Contain facilities used directly for or in furtherance of:

(A) The purposes of health care, cancer-related research, cancer-related clinical care or cancer-related higher education, including clinical laboratory, clinical trial, wet laboratory, research administration or other research-related purposes; and

(B) Any other higher education, administration, research, non-research or ancillary purposes.

SECTION 21. (1) In the biennium beginning July 1, 2013, or in the biennium beginning July 1, 2015, the State Treasurer, at the request of the Oregon Department of Administrative Services, may issue Article XI-G bonds, as provided in this chapter, in an amount not to exceed \$161,490,000 in net proceeds for the purpose of financing the project, plus an amount determined by the State Treasurer to pay estimated bond-related costs.

(2) OHSU Cancer Challenge Article XI-G Bonds are a general obligation of the State of Oregon and must contain a direct promise on behalf of the State of Oregon to pay the principal of, the interest on and the premium, if any, on the OHSU Cancer Challenge Article XI-G Bonds. The State of Oregon shall pledge its full faith and credit and taxing power, including the ad valorem taxing power, to pay the principal of, the interest on and the premium, if any, on the bonds.

(3) The proceeds of bonds issued under this section are appropriated to the State Treasurer for the payment of bond-related costs and for transfer to the department.

(4) The State Treasurer shall transfer net proceeds and interest earnings in an amount equal to \$161,490,000 to the department to be granted to Oregon Health and Science University upon satisfaction of terms and conditions in the grant agreement required by section 22 of this 2014 Act.

SECTION 22. (1) Before the State Treasurer may issue the OHSU Cancer Challenge Article XI-G Bonds:

(a) The Oregon Department of Administrative Services and Oregon Health and Science University must enter into a grant agreement in which the parties:

(A) Establish terms and conditions related to the grant, disbursement and use of \$161,490,000 in net proceeds of the OHSU Cancer Challenge Article XI-G Bonds and interest earnings; and

(B) Provide for granting of \$161,490,000 to the university upon satisfaction of the terms and conditions imposed in the grant agreement.

(b) The department must certify to the State Treasurer that the grant agreement has been entered into between the department and the university and that the university has certified to the department that the university has:

(A) Satisfied all material conditions precedent to its receipt of the matching funds; and

(B) Satisfied all material conditions precedent to its receipt of at least \$800 million in gifts and legally irrevocable pledges.

(2) The terms and conditions of the grant agreement may:

(a) Impose restrictions on the use of the grant.

(b) Require that the \$161,490,000 in bond proceeds be granted directly to a trustee or escrow agent.

(c) Impose other requirements that the department determines are in the best interest of the State of Oregon as necessary to:

(A) Issue, sell or preserve the tax-exempt status, if any, of the OHSU Cancer Challenge Article XI-G Bonds; and

(B) Administer the grant.

(3) The department shall transfer the grant to the university when the department is satisfied that the university has complied, or will comply, with all of the terms and conditions imposed by Article XI-G of the Oregon Constitution, sections 19 to 23 of this 2014 Act and the grant agreement required by this section.

(4) Subject to the approval of the State Treasurer, the department may:

(a) Enter into agreements with a trustee or escrow agent regarding the disbursement and use of the moneys granted to the university; and

(b) Transfer the moneys granted to the university directly to a trustee or escrow agent.

(5) ORS 351.450, 351.455 and 351.460 do not apply to OHSU Cancer Challenge Article XI-G Bonds or to Oregon Health and Science University in connection with the bonds.

SECTION 23. (1) For each biennium in which any part of the OHSU Cancer Challenge Article XI-G Bonds remain outstanding, the Oregon Department of Administrative Services shall request that the Governor include in the Governor's recommended budget to the Legislative Assembly an amount that is sufficient to pay the bond-related costs that become due in the biennium.

(2) The Legislative Assembly shall appropriate to the Oregon Department of Administrative Services any moneys made available to pay bond-related costs.

(3) Oregon Health and Science University is not obligated to pay the bond-related costs of the OHSU Cancer Challenge Article XI-G Bonds.

SECTION 24. The Oregon Health and Science University shall report annually to a committee or interim committee of the Legislative Assembly, as appropriate, with subject matter jurisdiction over economic development, business and industry, regarding the nature and number of new and ongoing jobs created at the university in connection with the operation of the OHSU Cancer Institute.

SECTION 25. Section 24 of this 2014 Act is repealed on January 2, 2024.

SECTION 26. (1) The Oregon Health and Science University and the Oregon Business Development Department shall collaborate to develop a plan that includes but is not limited to policy recommendations and recommendations for legislation, to encourage private sector development in Oregon of technologies related to cancer-related health care, education, research, developments and discoveries provided or made in connection with the operation of the OHSU Cancer Institute.

(2) The university and department shall report to the Legislative Assembly on the plan developed pursuant to subsection (1) of this section to the 2015 regular session of the Legislative Assembly in the manner prescribed by ORS 192.245.

SECTION 27. (1) Notwithstanding the provisions of ORS 279A.025 (2)(a)(B) and 353.100 (2):

(a) For the purposes of this subsection, the Oregon Health and Science University is a public agency, as defined in ORS 279C.800, and the OHSU Cancer Institute Project, as defined in section 20 of this 2014 Act, is a public works, as defined in ORS 279C.800;

(b) The provisions of ORS 279C.800, 279C.810, 279C.825, 279C.827, 279C.829, 279C.830, 279C.835, 279C.836, 279C.838, 279C.840, 279C.845, 279C.850, 279C.855, 279C.860, 279C.865 and 279C.870 apply to any construction, reconstruction, major renovation or painting that the Oregon Health and Science University performs or contracts to perform in connection with the OHSU Cancer Institute Project or that any not-for-profit organization or other entity the university owns exclusively or creates to advance any of the university's statutory missions performs or contracts to perform in connection with the OHSU Cancer Institute Project; and

(c) The provisions of ORS 279C.800, 279C.810, 279C.825, 279C.827, 279C.829, 279C.830, 279C.835, 279C.836, 279C.838, 279C.840, 279C.845, 279C.850, 279C.855, 279C.860, 279C.865 and 279C.870 apply to any construction, reconstruction, major renovation or painting that occurs in connection with the OHSU Cancer Institute Project, with or without using funds of a public agency, on real property that the Oregon Health and Science University owns, or on real property owned by any not-for-profit organization or other entity the university owns exclusively or creates to advance any of the university's statutory missions.

(2) In all contracts for constructing, reconstructing, renovating or painting any improvement to real property in connection with the OHSU Cancer Institute Project, the Oregon Health and Science University shall provide that each contractor shall employ apprentices in apprenticeable occupations to perform work on the OHSU Cancer Institute Project on the same terms, at the same rates of wage and for the same percentage of the total hours worked that the university requires in the university's other contracts for construction services. The university shall provide in the university's contracts for constructing, reconstructing, renovating or painting improvements to real property in connection with the OHSU Cancer Institute Project that each contractor include the requirements set forth in this subsection in the contractor's contracts with subcontractors.

(3) The Oregon Health and Science University shall consult with the Department of Environmental Quality to establish a set of criteria for giving a preference in awarding contracts in connection with the OHSU Cancer Institute Project to contractors that minimize emissions from diesel fuel to the greatest extent possible.

(4) The Oregon Health and Science University may seek Leadership in Energy and Environmental Design certification for any improvement to real property in connection with the OHSU Cancer Institute Project. The university shall pay the costs associated with obtaining a certification from the United States Green Building Council from university funds other than the proceeds of OHSU Cancer Challenge XI-G Bonds, as defined in section 20 of this 2014 Act, or the proceeds of the lottery bonds described in section 12 of this 2014 Act.

(5)(a) On or before each date on which the Legislative Assembly convenes in regular session, the Oregon Health and Science University, in a report to the Legislative Assembly, shall identify the geographical origin of each contractor, subcontractor or other vendor that performs construction work in connection with the OHSU Cancer Institute Project. For

purposes of this subsection, a contractor's, subcontractor's or vendor's geographical origin means the city or county and state in which the contractor, subcontractor or vendor maintains a headquarters or, if the location of the headquarters is not available, the state in which the contractor, subcontractor or vendor is incorporated or the city, county, state or other region in which the contractor, subcontractor or vendor conducts the majority of the contractor's, subcontractor's or vendor's business operations.

(b) The Oregon Health Science University shall continue to report to the Legislative Assembly as provided in paragraph (a) of this subsection until construction on the OHSU Cancer Institute Project is complete or until December 31, 2018, whichever date is later.

SECTION 28. The Oregon Health and Science University shall report to each regular session of the Legislative Assembly, in the manner prescribed by ORS 192.245, the number and geographic distribution of Oregon residents who participated in clinical trials associated with the OHSU Cancer Institute during the previous 12-month period.

SECTION 29. The Oregon Health and Science University shall report to the 2015 regular session of the Legislative Assembly, in the manner prescribed by ORS 192.245, on the potential for increasing patient access to clinical trials associated with the OHSU Cancer Institute in areas of this state outside of the Portland metropolitan area.

SECTION 30. (1) Section 28 of this 2014 Act is repealed on January 2, 2024.

(2) Section 29 of this 2014 Act is repealed on the convening of the 2015 regular session of the Legislative Assembly as specified in ORS 171.010.

SECTION 31. This 2014 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2014 Act takes effect on its passage.

Passed by Senate March 7, 2014

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Robert Taylor, Secretary of Senate

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Peter Courtney, President of Senate

Passed by House March 7, 2014

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Tina Kotek, Speaker of House

Received by Governor:

.....M.,....., 2014

Approved:

.....M.,....., 2014

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John Kitzhaber, Governor

Filed in Office of Secretary of State:

.....M.,....., 2014

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Kate Brown, Secretary of State