
MEMORANDUM

Legislative Fiscal Office
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To: *Capital Construction Subcommittee*

From: *Daron Hill, Legislative Fiscal Office*
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Date: July 1, 2015

Subject: *Bonding Limits - HB 5005*
Work Session Recommendations

HB 5005 limits the maximum amount of bonds and third party financing agreements that state agencies may issue and the amount of revenue state agencies may raise from such issuance. The proceeds from the issuance of bonds are included as revenues in agency budgets. This bill also allocates the federal tax-exempt private activity bond volume cap.

The -1 amendment authorizes the Higher Education Coordination Commission up to \$145.8 million in article XI-G bonds for projects at the Public Universities and Community Colleges. Also included are \$200 million in article XI-G bonds for the Knight Cancer Institute at the Oregon Health Sciences University. Total General Fund debt service for all of the article XI-G projects approved in the bill is estimated to cost \$8.5 million in 2015-17 and \$40.2 million in 2017-19.

The -1 amendment authorizes total Lottery Bonds of \$201.8 million for the biennium. The lottery projects are contained in HB 5030. There are no Lottery Funds debt service costs in the current biennium. The 2015-17 costs are estimated to be \$35.9 million.

The -1 amendment authorizes \$369.6 million in Article XI-Q bonds. About \$352.3 million of those bonds will be paid with General Fund. Total General Fund debt service for all of the projects approved in the bill is estimated to cost \$12.4 million in 2015-17 and \$77.5 million in 2017-19.

Attached is a summary of the General Fund and Lottery Bond projects that are included in the -1 amendment along with selected projects that are not funded with General Fund or Lottery Bonds. It should be noted that the amounts in the summary are project cost and do not include cost of issuance or reserves.

If the -1 amendment is approved, there will be about \$167 million in General Fund capacity and \$13 million in Lottery Bond capacity remaining for the 2015-17 biennium.

Motion: Move adoption of the -1 amendment to HB 5005.

Motion: Move HB 5005, as amended, to the Full Committee with a “do pass as amended” recommendation.

Chair to assign carriers:

Full: _____
2nd Chamber: _____

General Fund Bonds		Project Costs
HECC - Blue Mountain - Animal Science Ed. Center	XI-G	3,331,350
HECC - Columbia Gorge - Advance Technology Center	XI-G	7,320,000
HECC - Klamath - Student Success & Career/Tech Center	XI-G	7,850,000
HECC - Mt. Hood - Technology Innovation Center	XI-G	8,000,000
HECC - Rogue - Health & Science Center	XI-G	8,000,000
HECC - Southwestern - Heath & Science Building	XI-G	8,000,000
HECC - Treasure Valley - Workforce Vocational Center	XI-G	2,830,250
HECC - Umpqua - Industrial Arts Center	XI-G	8,000,000
OHSU - Cancer Research	XI-G	198,000,000
OBDD - Seismic Bonds (public education bldgs)	XI-M	175,000,000
OBDD - Seismic Bonds (emergency services bldgs)	XI-N	30,000,000
ODE - Capital Costs for School Districts	XI-P	125,000,000
ODOT - Highway Improvements	Sec. 7	
US 26 - 116th - 136th		17,000,000
OR 126 - Eugene to Florence		7,000,000
US 26 - Warm Springs		1,500,000
I-5 Cable Barriers - Southern Oregon		2,500,000
OR 34 - I-5 to Corvallis		3,000,000
I-84 - Pendleton to LaGrande		4,000,000
OJD - e-Court	XI-Q	14,500,000
OJD - Multnomah County Courthouse	XI-Q	17,400,000
OJD - Jefferson County Courthouse	XI-Q	2,500,000
OJD - Tillamook County Courthouse	XI-Q	7,875,000
Housing - Affordable Housing	XI-Q	40,000,000
OYA - Rogue Valley	XI-Q	9,880,000
OYA - MacLaren	XI-Q	30,934,000
OYA - Oak Creek	XI-Q	2,098,000
OYA - CCTV Cameras	XI-Q	1,147,435
OYA - North Coast	XI-Q	591,000
OYA - Eastern Oregon	XI-Q	1,499,000
OYA - Tillamook	XI-Q	1,187,000
OYA - Camp River Bend	XI-Q	752,000
OYA - Camp Florence	XI-Q	730,000
OYA - Hillcrest	XI-Q	201,000

DOJ - Child Support Enforcement	XI-Q	15,209,670
DOR - Core Replacement	XI-Q	19,000,000
DOR - Property Valuation System	XI-Q	1,880,000
DOC - Deferred Maintenance	XI-Q	14,220,432
Military - Youth Challenge	XI-Q	4,977,000
Military - Oregon Military Dept. Headquarters Fac. Fund	XI-Q	6,700,000
HECC - All Universities - Capital Repair, Renewal, Accessibility	XI-Q	65,000,000
HECC - PSU - Neuberger Hall - DM and Renovation	XI-G	10,000,000
	XI-Q	50,000,000
HECC - OSU - Forest Science Complex	XI-G	29,702,970
HECC - UO - Klamath Hall for 21st Century Chem. - Renovation	XI-G	6,250,000
	XI-Q	6,000,000
HECC - OSU - Marine Sciences Campus Phase I	XI-G	24,752,475
HECC - UO - College and Careers Building	XI-G	17,000,000
HECC - OIT - Center for Excellence in Eng. And Tech. - Phase I	XI-G	750,000
	XI-Q	10,170,000
HECC - UO - Chapman Hall Renovation	XI-G	2,500,000
	XI-Q	5,500,000
HECC - WOU - Natural Sciences Building Renovation	XI-Q	5,940,000
HECC - SOU - Britt Hall Renovation	XI-Q	4,717,500
HECC - EOU - Hunt Hall Demolition and Site Restoration	XI-Q	2,985,000
DHS - Adult Abuse Data and Reporting Writing System	XI-Q	3,300,000
General Fund Total		1,054,181,082

Lottery Fund Bonds

OBDD - Brownfields Revolving Account	Lottery	7,000,000
OBDD - Regional Solutions	Lottery	12,005,000
OBDD - Special Public Works Fund	Lottery	
(1) Basic SPWF Recapitalization	Lottery	13,000,000
(2) Levee projects	Lottery	5,000,000
HECC - LBCC Alternative Fuel Grant	Lottery	1,500,000
ODOT - Connect Oregon VI	Lottery	45,000,000
Water Resources - Water Supply Fund	Lottery	11,750,000
Water Resources - Water Supply Development Fund	Lottery	6,250,000
Water Resources - Water Conservation/Reuse/Storage	Lottery	2,000,000

Water Resouces - Mosier Creek Well Casing Leakage	Lottery	1,000,000
Mental Health Housing	Lottery	20,000,000
Condordia/PPS - Faubion PreK-8 school	Lottery	750,000
Coos Bay Rail Line	Lottery	10,000,000
Renew Forest Park - Portland Parks and Recreation	Lottery	1,500,000
Elgin Health Clinic	Lottery	1,250,000
Main Street Revitalization Grant Program	Lottery	2,500,000
Cultural Advocacy Coalition		
Oregon Shakespeare Festival	Lottery	2,000,000
Portland Japanese Garden	Lottery	1,500,000
Oregon Public Broadcasting	Lottery	600,000
Aurora Colony Museum	Lottery	400,000
Open Meadow - Open School	Lottery	1,000,000
Rockwood Boys and Girls Club	Lottery	1,000,000
Riverside Park Renovation - Grants Pass	Lottery	500,000
Career Technical Education Center (North Salem)	Lottery	1,000,000
Brookings Harbor Dock Repair	Lottery	1,562,157
Wheeler County/OHSU Fiber Line Development	Lottery	2,000,000
Hermiston Chamber of Commerce/EOTEC	Lottery	1,500,000
Trillium SAIP Replacement Facility	Lottery	3,000,000
Early Childhood Development Center - Port of Morrow	Lottery	1,600,000
Tigard's Hunziker Industrial Core	Lottery	1,500,000
Willamette Falls Riverwalk	Lottery	7,500,000
Housing Alliance	Lottery	2,500,000
ODVA - Roseburg Vets Home	Lottery	10,500,000
Total Lottery		180,167,157

Non-capacity projects

Pine Valley Fire House	Cash	850,000
City of Medford Conference Center Feasibility Study	Cash	100,000
Oregon Hatchery Research Center	Cash	600,000
DOC - Inmate Thin Client	Cash	623,175
HECC - OSU - Modular Data Center Project	XI-F	7,000,000
HECC - PSU - University Center Land Purchase	XI-F	10,000,000
HECC - PSU - Broadway Housing Purchase	XI-F	53,000,000
Water Projects	XI-I	30,000,000
DAS - Financing Agreements	Other	40,000,000
DAS - Capital Investments/Acquisitions	XI-Q	17,000,000

**78th OREGON LEGISLATIVE ASSEMBLY – 2015 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5005-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep.
Carrier – Senate: Sen.**

Action:

Vote:

House – Yeas:
– Nays:
– Exc:

Senate – Yeas:
– Nays:
– Exc:

Prepared By: Jean Gabriel, Department of Administrative Services

Reviewed By: Daron Hill, Legislative Fiscal Office

Meeting Date:

Agency
Various

Biennium
2015-17

Summary of Subcommittee Action

House Bill 5005 limits the maximum amount of bonds and third party financing agreements state agencies may issue and the amount of revenue state agencies may raise from such issuance. The proceeds from the issuance of bonds are included as revenues in agency budgets. This bill also allocates the federal tax-exempt private activity bond volume cap allowed under the Internal Revenue Code of 1986, as amended, to certain state agencies and the Private Activity Bond Committee established in ORS 286A.615.

The Subcommittee reviewed amendments to House Bill 5005 for the following purposes:

- 1) The Subcommittee approved a Higher Education Coordinating Commission (HECC) Article XI-G general obligation bond authorization of \$145,781,600 which approves seven new projects for public universities and reauthorizes eight projects approved during previous legislative sessions for community colleges capital construction financing, including a change in the specified project for Mt. Hood Community College. Projects are described later in this report.
- 2) The Subcommittee approved a reauthorization Article XI-G general obligation bonds for the Oregon Health and Science University (OHSU) Cancer Institute project approved during the 2014 Legislative Session. The authorization in the 2013-15 biennium was for a combination of Article XI-G bonds and lottery revenue bonds. However, the amount of Article XI-G bonds reauthorized for 2015-17 was increased to \$200,035,000 which includes \$198,000,000 in project costs and \$2,035,000 in bond issuance costs, with no lottery revenue bonds authorized for the project. The project involves expansion of the OHSU Knight Cancer Institute including construction of research, clinical, and other related facilities. The bond proceeds will be used to construct a research building on the Schnitzer Campus which will include wet laboratory facilities, bio-computing space, and research support facilities; and for additional floors in the Center for Health and Healing II (CHH II) building already planned for construction for clinical trial space. OHSU will match the Article XI-G bonds with donated funds.
- 3) The Subcommittee approved an Oregon Business Development Department Article XI-M (Seismic Rehabilitation of Public Education Buildings) general obligation bond authority of \$176,870,000 and authority for Article XI-N (Seismic Rehabilitation of Emergency Services Buildings) general obligation bonds of \$30,440,000.
- 4) The Subcommittee provided to the Oregon Department of Education Article XI-P general obligation bond authority of \$126,210,000, which includes \$125,000,000 in net proceeds and \$1,210,000 in bond issuance costs, to fund grants to school districts for capital costs including construction, improvement, remodel, maintenance or repair of facilities, and acquisition of equipment.
- 5) The Subcommittee approved Article XI-Q general obligation bond authority of \$369,640,000 for capital projects owned or operated by the state. A table listing all projects comprising the Article XI-Q authorization is included later in this report.

- 6) The Subcommittee provided to the Oregon Department of Transportation Article XI, Section 7 general obligation bond authority of \$35,475,000 to fund various highway improvement projects throughout the state.
- 7) The Subcommittee approved a \$100,000,000 authorization to the Department of Veterans' Affairs for issuance of Article XI-A general obligation bonds.
- 8) The Subcommittee approved Higher Education Coordinating Commission Article XI-F (1) general obligation bond authorization of \$70,985,000 to provide bond financing for Public Universities' (Portland State University and Oregon State University) self-supporting capital construction projects including \$53,680,000 for one new project, as well as reauthorization of two projects approved during previous legislative sessions. Projects are described later in this report.
- 9) The Subcommittee approved a \$10,000,000 authorization to the Department of Environmental Quality for issuance of Article XI-H general obligation bonds.
- 10) The Subcommittee approved a \$30,520,000 authorization to the Water Resources Department for issuance of Article XI-I (1) general obligation bonds to fund loans for water development projects.
- 11) The Subcommittee approved a Housing and Community Services Department Article XI-I (2) general obligation bond authority of \$25,000,000. In addition, the Subcommittee approved Housing and Community Services Department direct revenue bond authority of \$300,000,000 and pass-through revenue bond authority of \$250,000,000.
- 12) The Subcommittee approved the State Department of Energy's Article XI-J general obligation bond authority of \$25,000,000 and approved its direct revenue bond authority of \$20,000,000.
- 13) The Subcommittee approved Department of Administrative Services Lottery Revenue Bond limit of \$201,795,000. A complete list of lottery revenue bond projects can be found in House Bill 5030.
- 14) The Subcommittee approved an authorization of \$393,160,000 in Department of Transportation Highway User Tax revenue bonds for eligible construction projects.
- 15) The Subcommittee approved an Oregon Business Development Department direct revenue bond authority of \$30,000,000 and pass-through revenue bond authority of \$200,000,000 for Industrial Development bonds and \$10,000,000 for the Beginning and Expanding Farmer Loan Program.
- 16) The Subcommittee approved an Oregon Facilities Authority pass-through revenue bond authority of \$950,000,000.

Detail of projects authorized for the Higher Education Coordinating Commission through bond financing is included below.

Higher Education Coordinating Commission

HECC - Public Universities

The Subcommittee approved 12 new bond-funded projects for public universities at a total cost of \$298,440,000. Two additional projects approved in the 2013-15 biennium were reauthorized at \$17,305,000. The projects are included in the budget for HECC.

All Public Universities

The Subcommittee approved the following project for the seven public universities that formerly comprised the Oregon University System (OUS) and adopted a budget note:

- Capital renewal, code compliance, and safety: approved \$65,770,000 Article XI-Q bonds to maintain facilities and keep the deferred maintenance backlogs from growing. These projects do not involve acquisition of buildings, structures, or land. The approved amount includes \$65,000,000 for project costs and \$770,000 for issuance costs. HECC initially will allocate funds to the individual universities based on square footage in education and general services facilities, following past OUS practice. Debt service on the Article XI-Q bonds will be paid with General Fund.

Budget Note:

The Higher Education Coordinating Commission, in collaboration with the seven public universities and the Department of Administrative Services, shall submit a report by December 31, 2015 to the Legislative Fiscal Office that identifies whether and how revisions in statute and/or administrative rules are needed to better enable universities to use capital repair and renewal funds to implement disability access improvements.

Eastern Oregon University

The Subcommittee approved the following project:

- Hunt Hall Demolition and Site Renovation: approved \$3,040,000 Article XI-Q bonds to demolish an existing building that has exceeded its useful life. The project also involves upgrades to parking, campus roadways and pathways, compliance with Americans with Disabilities Act accessibility requirements, upgrades to campus communication network distribution, and restoration of historic campus features. The approved amount includes \$2,985,000 for project costs and \$55,000 for cost of issuing the bonds. Debt service on the bonds will be paid with General Fund.

Oregon Institute of Technology

The Subcommittee approved the following project:

- Center for Excellence in Engineering and Technology, Phase One: approved \$785,000 Article XI-G bonds and \$10,395,000 Article XI-Q bonds for construction of a laboratory and classroom building adjacent to Cornett Hall. The approved amount includes \$10,920,000 for project costs and \$260,000 for costs of issuing the bonds. The university will use funds from campus auxiliaries and a legal settlement for the constitutionally required fifty percent match against the Article XI-G bonds. Debt service on the bonds will be paid with General Fund.

Oregon State University

The Subcommittee approved the following three projects for a total of \$62,380,000.

- Forest Science Complex: approved \$30,140,000 Article XI-G bonds for renovation of Peavey Hall Classroom Building and construction of a new research facility to house an applied research center in wood products engineering and manufacturing. The approved amount includes \$29,702,970 for project costs and \$437,030 for costs of issuing the bonds. The university will use gift funds for the constitutionally required fifty percent match against the Article XI-G bonds. Debt service on the bonds will be paid with General Fund.
- Marine Studies Campus, Phase One: approved \$25,155,000 Article XI-G bonds to construct a research, classroom, and academic building at the Hatfield Marine Science Center in Newport. The facility constitutes the first phase in an effort to expand the university's marine studies academic and research programs. The approved amount includes \$24,752,475 for project costs and \$402,525 for costs of issuing the bonds. The university will use gift funds for the constitutionally required fifty percent match against the Article XI-G bonds. Debt service on the bonds will be paid with General Fund.
- Modular Data Center: reauthorized \$7,085,000 Article XI-F (1) bonds originally authorized as Article XI-Q bonds in the 2013-15 Legislatively Approved Budget to create small data centers throughout the campus intended to support research, instructional, and administrative activities. The approved amount includes \$7,000,000 for project costs and \$85,000 for costs of issuing the bonds. Debt service on the Article XI-F (1) bonds will be paid by loan repayments made by the university to HECC, which are expected to be supported through the university's tuition revenue.

Portland State University

The Subcommittee approved the following three projects for a total of \$124,780,000.

- Neuberger Hall Deferred Maintenance and Renovation: approved \$10,220,000 Article XI-G bonds and \$50,660,000 Article XI-Q bonds to completely renovate and upgrade an academic and administration facility built in the 1960s. The approved amount includes \$60,000,000 for project costs and \$880,000 for costs of issuing the bonds. The university will use gift funds and other funds for the constitutionally required fifty percent match against the Article XI-G bonds. Debt service on the bonds will be paid with General Fund.

- **Broadway Housing Purchase:** approved \$53,680,000 Article XI-F (1) bonds to purchase a ten story housing facility currently owned by the PSU Foundation. The building was constructed in 2003 by a limited liability corporation under contract with the university and financed by City of Portland economic development revenue bonds. Issuance of State of Oregon general obligation bonds will allow the university to purchase the building from its foundation at a lower interest rate than the foundation is paying on the city bonds. The approved amount includes \$53,000,000 for project costs and \$680,000 for costs of issuing the bonds. Debt service on the Article XI-F (1) bonds will be paid by loan repayments made by the university to HECC, which are expected to be supported through the university's housing and dining fees, retail space rent receipts, and university general fund revenues.
- **University Center Land Purchase:** reauthorized \$10,220,000 Article XI-F (1) bonds originally authorized in the 2013-15 Legislatively Approved Budget for purchase of land under the university-owned University Center building. The approved amount includes \$10,000,000 for project costs and \$220,000 for costs of issuing the bonds. Debt service on the Article XI-F (1) bonds will be paid by loan repayments made by the university to HECC, which are expected to be supported through the university's savings from lease payments that will no longer be incurred.

Southern Oregon University

The Subcommittee approved the following project:

- **Britt Hall Renovation:** approved \$4,785,000 Article XI-Q bonds for renovation and seismic upgrades to an administration, classroom, and student services building. The approved amount includes \$4,717,500 for project costs and \$67,500 for costs of issuing the bonds. Debt service on the bonds will be paid with General Fund.

University of Oregon

The Subcommittee approved the following three projects for a total of \$37,795,000.

- **Klamath Hall Renovation:** approved \$6,325,000 Article XI-G bonds and \$6,075,000 Article XI-Q bonds to renovate one floor and add an additional floor to an academic and research building to accommodate increased enrollment in chemistry and other sciences. The approved amount includes \$12,250,000 for project costs and \$150,000 for costs of issuing the bonds. The university will use institutional funds for the constitutionally required fifty percent match against the Article XI-G bonds. Debt service on the bonds will be paid with General Fund.
- **College and Careers Building:** approved \$17,275,000 Article XI-G bonds for construction of a new office and classroom building that will house the College of Arts and Sciences and the Career Center. The approved amount includes \$17,000,000 for project costs and \$275,000 for costs of issuing the bonds. The university will use gift funds, grants, and other funds for the constitutionally required fifty percent match against the Article XI-G bonds. Debt service on the bonds will be paid with General Fund.
- **Chapman Hall Renovation:** approved \$2,550,000 Article XI-G bonds and \$5,570,000 Article XI-Q bonds to remodel and seismically upgrade Chapman Hall, which houses the university's Honors College. The approved amount includes \$8,000,000 for project costs and \$120,000 for

costs of issuing the bonds. The university will use gift funds, grants, and other funds for the constitutionally required fifty percent match against the Article XI-G bonds. Debt service on the bonds will be paid with General Fund.

Western Oregon University

The Subcommittee approved the following project:

- Natural Sciences Building Renovation: approved \$6,015,000 Article XI-Q bonds to renovate and seismically upgrade the Natural Sciences Building for use by the physical and natural sciences programs following the relocation of chemistry, anatomy, and physiology programs to another building. The approved amount includes \$5,940,000 for project costs and \$75,000 for costs of issuing the bonds. Debt service on the bonds will be paid with General Fund.

HECC - Community Colleges

The Subcommittee approved one new community college bond-funded project at a cost of \$1,710,000 and reauthorized eight projects originally approved in the 2013-15 biennium at a total cost of \$53,331,600. Expenditure limitation for these projects is included in the budget for HECC. Amounts approved for projects funded with Article XI-G bonds include project and bond issuance costs.

- Linn-Benton Community College Alternative Fuels Center: approved \$1,710,000 lottery-backed bonds for construction of a training and research center focused on transition to a more efficient, lower-cost, and cleaner transportation system. The approved amount includes \$1,500,000 for project costs and \$210,000 for issuance and other costs. Debt service will be paid with Lottery Funds.
- Blue Mountain Community College Animal Science Education Center: reauthorized \$3,331,350 in Article XI-G bonds to construct new facilities for animal science and agriculture programs. The project includes classrooms and office buildings, indoor and outdoor arenas, a hay barn, horse pens, and mare motels, tack storage lockers, and round pens. Match for the Article XI-G bonds will come from a district bond levy approved in May 2015. The approved amount includes project and bond issuance costs.
- Columbia Gorge Community College Advanced Technology Center, Phase Two: reauthorized \$7,320,000 in Article XI-G bonds for construction of a facility on the Hood River campus to support science, technology, engineering, and mathematics programs. Match for the Article XI-G bonds will come from fundraising and proceeds of a possible 2016 district bond levy. The approved amount includes project and bond issuance costs.
- Klamath Community College Student Success and Career-Technical Center: reauthorized \$7,850,000 Article XI-G bonds for construction of a new facility housing a research library and computer labs, a testing center, tutoring and advising areas, and space for GED, Adult Basic Education, and English as a Second Language programs. The project will also expand the Career Technical Education center for auto and diesel mechanics and construction management programs. When originally approved, match for the Article XI-G bonds was anticipated to come from a combination of college reserve funds, foundation and federal grants, and district general obligation bonds. Currently the college is working with its partners to raise funds. The approved amount includes project and bond issuance costs.

- Mt. Hood Community College Technology Innovation Center: reauthorized \$8,000,000 in Article XI-G bonds to replace an aging Industrial Technology facility with space for applied technologies, including automotive, machine tool, and emerging technologies and classroom space. At the request of the college, this project replaces the College Student Services Enhancement project approved in 2013. The college plans a local bond levy in 2016 to provide match for the Article XI-G bonds. The approved amount includes project and bond issuance costs.
- Rogue Community College Health and Science Center: reauthorized \$8,000,000 Article XI-G bonds to increase space for health science programs by constructing new facilities or buying and remodeling existing ones. As reauthorized, the project also allows the college to acquire land for the facility. Match for the Article XI-G bonds is expected to come from partnership contributions, grants, and capital campaign contributions. The approved amount includes project and bond issuance costs.
- Southwestern Oregon Community College Health and Science Technology Building: reauthorized \$8,000,000 Article XI-G bonds for construction of a new facility with laboratory, classroom, and auxiliary space for expansion of allied health and science programs. The facility will support increased use of technology and distance education in health and science programs. Match for the Article XI-G bonds is expected to come from private grants and donations and, if necessary, revenues from a district bond levy. The approved amount includes project and bond issuance costs.
- Treasure Valley Community College Workforce Vocational Center: reauthorized \$2,830,250 Article XI-G bonds for construction of a new facility to expand space for welding training and to house Natural Resource, Renewable Energy, Wild Land Fire, Construction Trades, and Waste Water Management programs. Match for the Article XI-G bonds is expected to come from fund raising or proceeds from district bonds or a district bond levy. The approved amount includes project and bond issuance costs.
- Umpqua Community College Industrial Technology Building: reauthorized \$8,000,000 Article XI-G bonds to construct a new facility on campus for automotive, manufacturing, construction, and welding technology programs. The college had planned to match the Article XI-G bonds with proceeds from a district bond levy which was defeated by the voters in May 2013. Alternatives for generating the match from grants, donations, and other sources are being explored. A 2016 bond levy is under consideration. The approved amount includes project and bond issuance costs.

Article XI-Q Authority

Department of Human Services

Adult Abuse Data and Report Writing System \$ 3,355,000

Department of Administrative Services

Capital Investments/Acquisitions \$ 17,275,000

Department of Justice

Child Support Enforcement System \$ 15,415,000

Department of Revenue

Core Tax Revenue Systems Replacement \$ 19,375,000

Property Valuation System 1,960,000

Subtotal \$ 21,335,000

Oregon Judicial Department

E-Court System \$ 14,755,000

Multnomah County Courthouse 17,675,000

Jefferson County Courthouse 2,550,000

Tillamook County Courthouse 8,005,000

Subtotal \$ 42,985,000

Oregon Military Department

Youth Challenge \$ 5,045,000

Military Headquarters Facility 6,785,000

Subtotal \$ 11,830,000

Department of Corrections

Deferred Maintenance for Facilities \$ 14,475,000

Article XI-Q Authority (continued)

Oregon Youth Authority

Rogue Valley Facility Improvements	\$ 10,100,000
MacLaren Facility Improvements	31,460,000
Oak Creek Facility Improvements	2,145,000
CCTV Cameras	1,190,000
North Coast	625,000
Eastern Oregon	1,540,000
Tillamook	1,225,000
Camp River Bend	790,000
Camp Florence	765,000
Hillcrest	235,000

Subtotal \$ 50,075,000

Higher Education Coordinating Commission

All - Capital Repair, Renewal & Accessibility	\$ 65,770,000
EOU - Hunt Hall Demolition & Site Restoration	3,040,000
OIT - Center for Excellence in Engineering & Tech	10,395,000
PSU - Neuberger Hall Deferred Maintenance & Renovation	50,660,000
SOU - Britt Hall Renovation	4,785,000
UO - Chapman Hall Renovation	5,570,000
UO - Klamath Hall Renovation	6,075,000
WOU - Natural Sciences Building Renovation	6,015,000

Subtotal \$ 152,310,000

Oregon Housing and Community Services

Affordable Housing	\$ 40,585,000
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TOTAL \$ 369,640,000

House Bill 5005, SECTIONS 1 - 3.

<u>Program Designation</u>	<u>2013-15 Legislatively Approved</u>	<u>2015-17 Governor's Budget</u>	<u>2015-17 Committee Recommendations</u>	<u>Changes from Governor's Budget</u>
<u>GENERAL OBLIGATION BONDS</u>				
General Fund Obligations				
Higher Education Coordinating Comm. - PU (Art. XI-G)	\$ 117,711,000	\$ 117,375,000	\$ 92,450,000	\$ (24,925,000)
Higher Education Coordinating Comm. - CC (Art. XI-G)	\$ 123,451,600	\$ 79,321,600	\$ 53,331,600	\$ (25,990,000)
Oregon Health and Science University (Art. XI-G)	\$ 161,490,000	\$ 199,770,000	\$ 200,035,000	\$ 265,000
Oregon Business Development Dept. (Art. XI-M)	\$ 15,000,000	\$ 70,000,000	\$ 176,870,000	\$ 106,870,000
Oregon Business Development Dept. (Art. XI-N)	\$ 15,000,000	\$ 30,000,000	\$ 30,440,000	\$ 440,000
Oregon Department of Education (Art. XI-P)	\$ 0	\$ 0	\$ 126,210,000	\$ 126,210,000
Department of Administrative Services (Art. XI-Q)	\$ 459,618,100	\$ 506,690,000	\$ 369,640,000	\$ (137,050,000)
Oregon Department of Transportation (Art. XI, Sec. 7)	\$ 453,725,000	\$ 0	\$ 35,475,000	\$ 35,475,000
Dedicated Fund Obligations				
Department of Veterans' Affairs (Art. XI-A)	\$ 60,000,000	\$ 100,000,000	\$ 100,000,000	\$ 0
Higher Education Coordinating Comm. (Art. XI-F(1))	\$ 390,977,500	\$ 67,900,000	\$ 70,985,000	\$ 3,085,000
Dept of Environmental Quality (Art. XI-H)	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 0
Water Resources Department (Art. XI-I(1))	\$ 10,235,000	\$ 30,520,000	\$ 30,520,000	\$ 0
Housing and Community Services Dept (Art. XI-I(2))	\$ 25,000,000	\$ 25,000,000	\$ 25,000,000	\$ 0
Department of Energy (Art. XI-J)	\$ 60,000,000	\$ 100,000,000	\$ 25,000,000	\$ (75,000,000)
Total General Obligation Bonds	\$ 1,902,208,200	\$ 1,336,576,600	\$ 1,345,956,600	\$ 9,380,000
<u>REVENUE BONDS</u>				
Direct Revenue Bonds				
Housing and Community Services Department	\$ 150,000,000	\$ 300,000,000	\$ 300,000,000	\$ 0
Department of Transportation				0
Infrastructure Fund	\$ 20,400,000	\$ 0	\$ 0	\$ 0
Highway User Tax	\$ 846,690,000	\$ 393,160,000	\$ 393,160,000	\$ 0
Toll-Backed Revenue Bonds	\$ 663,000,000	\$ 0	\$ 0	\$ 0
Oregon Business Development Department	\$ 35,000,000	\$ 30,000,000	\$ 30,000,000	\$ 0
Department of Energy	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 0
Oregon University System (former)	\$ 50,000,000	\$ 0	\$ 0	\$ 0
Department of Administrative Services				0
Lottery Revenue Bonds	\$ 219,717,715	\$ 219,290,000	\$ 201,795,000	\$ (17,495,000)
Total Direct Revenue Bonds	\$ 2,004,807,715	\$ 962,450,000	\$ 944,955,000	\$ (17,495,000)

<u>Program Designation</u>	<u>2013-15 Legislatively Approved</u>	<u>2015-17 Governor's Budget</u>	<u>2015-17 Committee Recommendations</u>	<u>Changes from Governor's Budget</u>
Pass Through Revenue Bonds				
Oregon Business Development Department				
Industrial Development Bonds	\$ 165,000,000	\$ 200,000,000	\$ 200,000,000	\$ 0
Beginning and Expanding Farmer Loan Program	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 0
Oregon Facilities Authority	\$ 950,000,000	\$ 950,000,000	\$ 950,000,000	\$ 0
Housing and Community Services Department	\$ 150,000,000	\$ 250,000,000	\$ 250,000,000	\$ 0
Total Pass Through Revenue Bonds	\$ 1,275,000,000	\$ 1,410,000,000	\$ 1,410,000,000	\$ 0
Total Revenue Bonds	\$ 3,279,807,715	\$ 2,372,450,000	\$ 2,354,955,000	\$ (17,495,000)

OTHER FINANCING AGREEMENTS

Department of Administrative Services	\$ 55,600,000	\$ 40,000,000	\$ 40,000,000	\$ 0
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House Bill 5005, SECTION 4.

Private Activity Bond Allocation for 2016 and 2017 Calendar Years.

Allocation For:	2013-15 Legislatively Approved Budget		Subcommittee Recommendation	
	2014 Calendar Year	2015 Calendar Year	2016 Calendar Year	2017 Calendar Year
Oregon Business Development Department:				
Industrial Development Bonds	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000
Beginning and Expanding Farmer Loan Program	\$ 0	\$ 0	\$ 5,000,000	\$ 5,000,000
Housing & Community Services Department	\$125,000,000	\$125,000,000	\$125,000,000	\$125,000,000
State Department of Energy	\$ 10,000,000	\$ 10,000,000	\$ 5,000,000	\$ 5,000,000
Private Activity Bond Committee	\$195,438,535	\$195,438,535	\$222,023,900	\$222,023,900
Totals	\$370,438,535	\$370,438,535	\$397,023,900	\$397,023,900

**PROPOSED AMENDMENTS TO
HOUSE BILL 5005**

1 On page 1 of the printed bill, delete lines 5 through 28 and delete pages
2 2 through 7 and insert:

3 **“SECTION 1. The amounts authorized, as provided by ORS 286A.035,**
4 **for issuance of general obligation bonds of the state during the**
5 **2015-2017 biennium are as follows:**

6

7 **GENERAL OBLIGATION BONDS**

8 **General Fund Obligations**

9 (1) **Oregon Department of**

10 **Administrative Services,**

11 **Oregon Health and Science**

12 **University, Cancer**

13 **Institute (Art. XI-G)..... \$ 200,035,000**

14 (2) **Higher Education Coordinating**

15 **Commission (Art. XI-G):**

16 (a) **Oregon State University:**

17 (A) **Forest Science Complex..... \$ 30,140,000**

18 (B) **Marine Studies Campus**

19 **Phase I..... \$ 25,155,000**

20 (b) **Portland State University,**

21 **Neuberger Hall Renovation**

22 **and Deferred Maintenance.... \$ 10,220,000**

1	(c) University of Oregon:		
2	(A) Klamath Hall Renovation.....	\$	6,325,000
3	(B) College and Careers Building	\$	17,275,000
4	(C) Chapman Hall Renovation.....	\$	2,550,000
5	(d) Oregon Institute of		
6	Technology, Center for		
7	Excellence in Engineering		
8	and Technology	\$	785,000
9	(e) Blue Mountain Community		
10	College, Animal Science		
11	Education Center	\$	3,331,350
12	(f) Columbia Gorge Community		
13	College, Advanced Technology		
14	Center	\$	7,320,000
15	(g) Klamath Community College,		
16	Student Success and		
17	Career/Technical Center	\$	7,850,000
18	(h) Mt. Hood Community		
19	College, Technology		
20	Innovation Center	\$	8,000,000
21	(i) Rogue Community College,		
22	Health and Science Center....	\$	8,000,000
23	(j) Southwestern Oregon		
24	Community College, Health		
25	and Science Building.....	\$	8,000,000
26	(k) Treasure Valley Community		
27	College, Workforce Vocational		
28	Center	\$	2,830,250
29	(L) Umpqua Community College,		
30	Industrial Arts Center.....	\$	8,000,000

1	(3) Oregon Business Development		
2	Department (Art. XI-M)	\$	176,870,000
3	(4) Oregon Business Development		
4	Department (Art. XI-N).....	\$	30,440,000
5	(5) Department of		
6	Education (Art. XI-P)	\$	126,210,000
7	(6) Oregon Department of		
8	Administrative		
9	Services (Art. XI-Q).....	\$	369,640,000
10	(7) Department of		
11	Transportation (Art. XI,		
12	section 7).....	\$	35,475,000
13	<u>Dedicated Fund Obligations</u>		
14	(8) Department of Veterans'		
15	Affairs (Art. XI-A).....	\$	100,000,000
16	(9) Higher Education Coordinating		
17	Commission (Art. XI-F(1)):		
18	(a) Portland State University:		
19	(A) Land Acquisition for University		
20	Center Building	\$	10,220,000
21	(B) Broadway Housing Purchase	\$	53,680,000
22	(b) Oregon State University		
23	Modular Data Center	\$	7,085,000
24	(10) Department of Environmental		
25	Quality (Art. XI-H)	\$	10,000,000
26	(11) Water Resources Department		
27	(Art. XI-I(1))	\$	30,520,000
28	(12) Housing and Community		
29	Services Department		
30	(Art. XI-I(2))	\$	25,000,000

1 (13) State Department of Energy
2 (Art. XI-J)..... \$ 25,000,000

3 Total General Obligation

4 Bonds \$ 1,345,956,600

5 **“SECTION 2. The amounts authorized, as provided by ORS 286A.035,**
6 **for issuance of revenue bonds of the state during the 2015-2017**
7 **biennium are as follows:**

8

9 **REVENUE BONDS**

10 Direct Revenue Bonds

11 **Housing and Community**
12 **Services Department..... \$ 300,000,000**
13 **Highway User Tax Bonds..... \$ 393,160,000**
14 **Oregon Business Development**
15 **Department..... \$ 30,000,000**
16 **Oregon Department of**
17 **Administrative Services,**
18 **Lottery Revenue Bonds \$ 201,795,000**
19 **State Department of Energy \$ 20,000,000**

20 Total Direct Revenue

21 Bonds \$ 944,955,000

22 Pass-Through Revenue Bonds

23 **Oregon Business Development**
24 **Department, Industrial**
25 **Development Bonds..... \$ 200,000,000**
26 **Oregon Business Development**
27 **Department, Beginning and**
28 **Expanding Farmer Loan**
29 **Program \$ 10,000,000**
30 **Oregon Facilities Authority.. \$ 950,000,000**

1 Housing and Community
2 Services Department..... \$ 250,000,000

3 Total Pass-Through Revenue

4 Bonds \$ 1,410,000,000

5 Total Revenue

6 Bonds \$ 2,354,955,000

7 **“SECTION 3. The amount authorized, as provided by ORS 286A.035,**
8 **for issuance of certificates of participation and other financing agree-**
9 **ments of the state during the 2015-2017 biennium for the Oregon De-**
10 **partment of Administrative Services is \$40,000,000.**

11 **“SECTION 4. The amounts allocated for private activity bonds, as**
12 **provided in ORS 286A.615, are as follows:**

13 (1) For calendar year 2016,
14 the amount of \$397,023,900
15 is allocated as follows:

16 (a) Oregon Business Development
17 Department, Industrial
18 Development Bonds..... \$ 40,000,000

19 (b) Oregon Business Development
20 Department, Beginning and
21 Expanding Farmer Loan
22 Program \$ 5,000,000

23 (c) Housing and Community
24 Services Department..... \$ 125,000,000

25 (d) State Department of Energy \$ 5,000,000

26 (e) Private Activity Bond
27 Committee..... \$ 222,023,900

28 (2) For calendar year 2017,
29 the amount of \$397,023,900
30 is allocated as follows:

- 1 (a) Oregon Business Development
- 2 Department, Industrial
- 3 Development Bonds..... \$ 40,000,000
- 4 (b) Oregon Business Development
- 5 Department, Beginning and
- 6 Expanding Farmer Loan
- 7 Program \$ 5,000,000
- 8 (c) Housing and Community
- 9 Services Department..... \$ 125,000,000
- 10 (d) State Department of Energy \$ 5,000,000
- 11 (e) Private Activity Bond
- 12 Committee..... \$ 222,023,900
- 13 (3) If an increase in this state's population, a
- 14 sufficient increase in the region's Consumer
- 15 Price Index or a change in federal law allows
- 16 the private activity bond limit as set by the
- 17 Internal Revenue Code of 1986, as amended, to
- 18 exceed \$397,023,900 during the 2016 calendar
- 19 year or \$397,023,900 during the 2017 calendar
- 20 year, the increase is allocated to the Private
- 21 Activity Bond Committee.

22 **“SECTION 5. (1) For purposes of Article XI-F(1), section 1, of the**
 23 **Oregon Constitution, the Legislative Assembly determines that the**
 24 **projects authorized to be financed pursuant to section 1 (9) of this 2015**
 25 **Act with bonds issued under Article XI-F(1) of the Oregon Constitution**
 26 **will benefit higher education institutions or activities.**

27 **“(2) For purposes of Article XI-G, section 1, of the Oregon Consti-**
 28 **tution, the Legislative Assembly determines that the projects author-**
 29 **ized to be financed pursuant to section 1 (1) and (2) of this 2015 Act**
 30 **with bonds issued under Article XI-G of the Oregon Constitution will**

1 benefit higher education institutions or activities or community col-
2 leges authorized by law to receive state aid.

3 **“SECTION 6. Bonds authorized under section 1 (1) or (2) of this 2015**
4 **Act may not be issued until the constructing authority certifies to the**
5 **State Treasurer that the constructing authority has matching funds**
6 **available for the same or similar purposes as the Article XI-G bonds**
7 **that will fund the grant or loan to the constructing authority, that the**
8 **match funds are not proceeds of indebtedness incurred by the state**
9 **under any article of the Oregon Constitution, and that the match**
10 **funds are available to the constructing authority in an amount at least**
11 **equal to the amount of Article XI-G bond proceeds the constructing**
12 **authority will receive.**

13 **“SECTION 7. Section 20, chapter 121, Oregon Laws 2014, is amended to**
14 **read:**

15 **“Sec. 20. As used in sections 19 to 23, chapter 121, Oregon Laws 2014**
16 **[of this 2014 Act]:**

17 **“(1) ‘Article XI-G bonds’ means general obligation bonds issued under the**
18 **authority of Article XI-G of the Oregon Constitution.**

19 **“(2) ‘Bond-related costs’ means:**

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

22 **“(b) The costs and expenses of issuing, administering and maintaining**
23 **OHSU Cancer Challenge Article XI-G Bonds, including the costs and ex-**
24 **penses of:**

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

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

28 **“(C) Paying the fees, administrative costs and expenses of the State**
29 **Treasurer, the Oregon Department of Administrative Services or Oregon**
30 **Health and Science University, including the costs of consultants or advisers**

1 retained by the State Treasurer, the department or the university.

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

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

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

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

11 “(3) ‘Matching funds’ means moneys in an aggregate amount totaling at
12 least [\$161,490,000] **the amount of bond proceeds** that are available, as
13 required by Article XI-G, section 1 (3), of the Oregon Constitution, to the
14 university and that are used by the university to pay costs of the project.

15 “(4) ‘OHSU Cancer Challenge Article XI-G Bonds’ means general obli-
16 gation bonds issued or other general obligation indebtedness incurred under
17 the authority of Article XI-G of the Oregon Constitution and sections 19 to
18 **23, chapter 121, Oregon Laws 2014** [of this 2014 Act].

19 “(5) ‘OHSU Cancer Institute Project’ or ‘project’ means the acquisition,
20 construction, improvement, repair, equipping and furnishing of buildings,
21 structures or lands that:

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

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

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

26 “(A) The purposes of health care, cancer-related research, cancer-related
27 clinical care or cancer-related higher education, including clinical labora-
28 tory, clinical trial, wet laboratory, research administration or other
29 research-related purposes; and

30 “(B) Any other higher education, administration, research, non-research

1 or ancillary purposes.

2 **“SECTION 8.** Section 21, chapter 121, Oregon Laws 2014, is amended to
3 read:

4 **“Sec. 21.** (1) In [*the biennium beginning July 1, 2013, or in*] the biennium
5 beginning July 1, 2015, the State Treasurer, at the request of the Oregon
6 Department of Administrative Services, may issue Article XI-G bonds, as
7 provided in this chapter, [*in an amount not to exceed \$161,490,000 in net pro-*
8 *ceeds*] for the purpose of financing the project, plus an amount determined
9 by the State Treasurer to pay estimated bond-related costs.

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

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

20 **“(4)** The State Treasurer shall transfer net proceeds and interest earnings
21 [*in an amount equal to \$161,490,000*] to the department to be granted to
22 Oregon Health and Science University upon satisfaction of terms and con-
23 ditions in the grant agreement required by section 22, **chapter 121, Oregon**
24 **Laws 2014** [*of this 2014 Act*].

25 **“SECTION 9.** Section 22, chapter 121, Oregon Laws 2014, is amended to
26 read:

27 **“Sec. 22.** (1) Before the State Treasurer may issue the OHSU Cancer
28 Challenge Article XI-G Bonds:

29 **“(a)** The Oregon Department of Administrative Services and Oregon
30 Health and Science University must enter into a grant agreement in which

1 the parties:

2 “(A) Establish terms and conditions related to the grant, disbursement
3 and use of [*\$161,490,000 in*] net proceeds of the OHSU Cancer Challenge Ar-
4 ticle XI-G Bonds and interest earnings; and

5 “(B) Provide for granting of [*\$161,490,000*] **net proceeds** to the university
6 upon satisfaction of the terms and conditions imposed in the grant agree-
7 ment.

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

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

14 “(B) Satisfied all material conditions precedent to its receipt of at least
15 \$800 million in gifts and legally irrevocable pledges.

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

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

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

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

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

24 “(B) Administer the grant.

25 “(3) The department shall transfer the grant to the university when the
26 department is satisfied that the university has complied, or will comply, with
27 all of the terms and conditions imposed by Article XI-G of the Oregon Con-
28 stitution, sections 19 to 23, **chapter 121, Oregon Laws 2014** [*of this 2014*
29 *Act*] and the grant agreement required by this section.

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

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

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

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

8 “**SECTION 10. Out of the amount specified in section 1 (6) of this**
9 **2015 Act, the State Treasurer may issue Article XI-Q bonds in an**
10 **amount not to exceed \$27,775,000 of net proceeds for the purposes**
11 **specified in section 8 (3), chapter 705, Oregon Laws 2013, plus an**
12 **amount estimated by the State Treasurer to pay estimated bond-**
13 **related costs.**

14 “**SECTION 11. This 2015 Act being necessary for the immediate**
15 **preservation of the public peace, health and safety, an emergency is**
16 **declared to exist, and this 2015 Act takes effect July 1, 2015.”.**

17
