

February 20, 2003

03- 066

A RESOLUTION OF PORTLAND COMMUNITY COLLEGE DISTRICT (THE "DISTRICT"), MULTNOMAH, WASHINGTON, YAMHILL, CLACKAMAS AND COLUMBIA COUNTIES, OREGON, AUTHORIZING THE ISSUANCE, SALE, EXECUTION AND DELIVERY OF TAX AND REVENUE ANTICIPATION NOTES, SERIES 2003, IN AN AMOUNT NOT TO EXCEED \$10,000,000, AND RELATED MATTERS.

PREPARED BY: Wing-Kit Chung, Associate Vice President of Finance

APPROVED BY: Randy McEwen, Vice President of Administrative Services
Jesus "Jess" Carreon, President

REPORT: The last payment of the current fiscal year (FY 2002-03) from the Oregon Community College Fund to Portland Community College was deferred to the subsequent fiscal year (FY 2003-04) by SB 1022. As a result, it is in the best interests of the District to borrow money, within the limitations described below, and the limitations of ORS 288.165(3), to meet current expenses by issuing its Tax and Revenue Anticipation Notes, Series 2003, as provided in this resolution.

Because the District reasonably expects to issue an aggregate amount of tax-exempt non-private activity bond debt for purposes other than construction of District facilities in excess of \$5,000,000 in calendar year 2003, federal law permits issuance of tax and revenue anticipation notes in an amount that does not exceed the District's maximum anticipated cumulative cash flow deficit plus a working capital reserve equal to the lesser of (i) 5% of the prior District fiscal year expenditures paid with prior District fiscal year revenues or (ii) the average monthly fund balance on hand during fiscal year 2001-2002.

The District will provide for the repayment of tax and revenue anticipation notes in its duly adopted budget for fiscal year 2003-2004.

RECOMMEDATION: That the Board approves the following resolution to sell the tax and revenue anticipation notes to cover the cash shortfall created by the implementation of SB 1022 until the cash is received from the State:

NOTES AUTHORIZED

For the above purposes, the District shall issue an aggregate principal amount of not to exceed \$10,000,000 Tax and Revenue Anticipation Notes, Series 2003 (the "Notes") pursuant to ORS 288.165(3) and 341.715. The Notes may be issued in one or more series, shall be dated with the date or dates specified by the President, Vice President of Administrative Services, Associate Vice President of Finance, or their designee (the "Authorized Officer"), shall mature not later than 13 months after the date the obligations are issued and shall bear interest payable at maturity at a rate to be established by the Authorized Officer, which rate shall not exceed a net effective rate of three percent (3.00%) per annum. The Notes shall be in denominations as specified in consultation with the purchaser of the Notes.

SECTION 1: OPTIONAL PREPAYMENT

The Notes shall not be subject to optional prepayment prior to maturity.

SECTION 2: PROVISION FOR PAYMENT OF NOTES AND SPECIAL ACCOUNT

The District covenants to budget and appropriate sufficient funds for the payment of the District's Notes together with interest thereon to the date of maturity and payment of the Notes. The District shall establish a separate Special Account in the General Fund to which the District shall deposit, by August 31, 2003, ad valorem taxes or payment of revenues sufficient to pay the Notes upon their maturity. Investment earnings, after full funding of principal and interest in the Special Account may be transferred to the District's general fund. For fiscal year 2003-2004 the District shall appropriate as an interest expenditure the interest due on the Notes.

SECTION 3: SECURITY

The District's ad valorem property taxes subject to the limits of Article XI, Sections 11 and 11b of the Oregon Constitution, the State funding allocations from the Oregon Community College Fund and the full faith and credit of the District (including all legally available revenues in the District's general fund) are hereby

irrevocably pledged to the punctual payment of principal of and interest on the Notes.

SECTION 4: SALE OF NOTES

The Notes shall be offered for sale at competitive bid, after publication of a Notice, or a summary thereof, as provided in ORS 288.885. The Notes shall be offered for sale upon the terms provided in the Notice, unless the Authorized Officer establishes different terms. The Authorized Officer may establish the final principal amount, the maturity date and other terms of the Notes and may sell the Notes to the bidder offering the most favorable terms to the District. The Authorized Officer shall report to the Board the terms on which the Notes are sold.

SECTION 5: DEPOSIT OF PROCEEDS

The Note proceeds received by the District shall be deposited in the general fund of the District.

SECTION 6: FORM OF NOTES

The District may issue the Notes as one or more typewritten Notes.

SECTION 7: EXECUTION

The Notes shall be executed on behalf of the District with the manual signature of the Authorized Officer.

SECTION 8: TAX COVENANTS

The District covenants for the benefit of the owners of the Notes to comply with all provisions of the Internal Revenue Code of 1986, as amended (the "Code") which are required for Note interest to be excluded from gross income for federal income tax purposes, unless the District obtains an opinion of nationally recognized note counsel that such compliance is not required for the interest paid on the Notes to be so excluded. The District makes the following specific covenants with respect to the Code:

- a. The District shall not take any action or omit any action, if it would cause the Notes to become "arbitrage bonds" under Section 148 of the Code and shall pay any rebates to the United States that are required by Section 148(f) of the Code.
- b. The District shall not use the proceeds of the Notes in a fashion, which would cause the Notes to be "private activity bonds" within the meaning of Section 141 of the Code.

c. The covenants contained in this Section 9 and any covenants in the closing documents for the Notes shall constitute contracts with the owners of the Notes, and shall be enforceable by them.

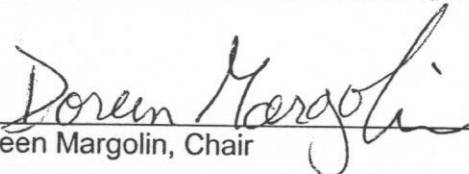
SECTION 9: AUTHORITY OF AUTHORIZED OFFICER

The Authorized Officer is hereby authorized to enter into any agreements and to execute any documents or certificates that may be required to issue, sell and deliver the Notes in accordance with this Resolution.

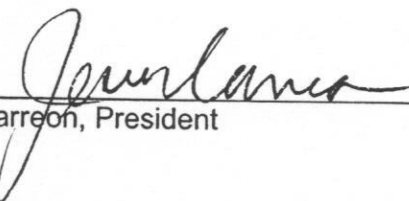
SECTION 10: APPOINTMENT OF NOTE COUNSEL AND FINANCIAL ADVISOR

The law offices of Ater Wynne LLP, in Portland, Oregon are designated as note counsel to the District for the Notes. Western Financial Group, LLC is designated to serve as financial advisor to the District for the Notes.

ADOPTED by the Board of Directors this 20th day of February 2003. Portland Community College District, Multnomah, Washington, Yamhill, Clackamas and Columbia Counties, Oregon

(1) By: 
Doreen Margolin, Chair

(2) ATTEST:

By: 
Jesus Carreon, President

Director McKinney made a motion for passage of Resolution 03-066 and it passed unanimously.

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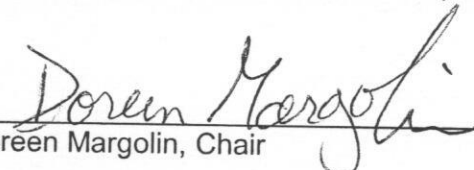
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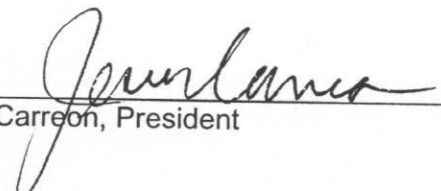
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