April 8, 2015
Market Center Building
1600 SW 4th Ave, Suite 541 – Gold Conference Room
3:30 pm

Minutes

Committee Members Present: Gale Castillo, Tom Imeson, Margaret Kirkpatrick, Rick Miller (by phone)
Pete Nickerson, Wim Wiewel (ex officio, non-voting)

Committee Members not present included: None.

PSU Staff present included: Don Forsythe, Dave Reese, Keven Reynolds, and Shelley Winn.

1. CALL TO ORDER/ROLL/DECLARATION OF QUORUM

Chair Nickerson called the meeting to order at 3:31 pm and the Board Secretary took role. A quorum was present, and the meeting, having been duly convened, was ready to proceed with business.

2. APPROVAL OF RESOLUTION APPROVING INTERNAL FINANCING FOR SCHOOL OF BUSINESS ADMINISTRATION AND STOTT CENTER/VIKING PAVILION PROJECTS

President Wiewel explained that the State is expected to issue the Article XI-G bonds for both projects in May 2015. In that case, the University will need to provide evidence of its qualified matching funds to the State Treasurer and the State’s Bond Counsel on or near April 21, 2015.

At the January 30, 2015 meeting, the plan of finance for the projects presented to the Board anticipated using approximately $6.5 million of Internal Financing for matching purposes to provide a bridge for pledged philanthropic gifts not yet received. The plan assumed approximately $23.5 million of qualified match in hand, prior to Internal Financing. However, as of March 31, 2015, the University had approximately $21.6 million of qualified matching funds in hand. Additional amounts have been pledged or are subject to restrictions that prevent counting such funds for matching purposes. As a result, the revised plan of finance for the projects estimates a need for as much as $8.37 million of Internal Financing.

The success of these capital projects depends upon issuance of the full amount of Article XI-G bonds authorized by the Legislature. In order to assure that the University can provide evidence of qualified matching funds necessary for the issuance of the full amount of authorized bonding on the date required by the State, the University is seeking authorization to use up to $8.7 million of Internal

Portland State University Board of Trustees
Financings, if necessary, notwithstanding the limitations of Section V of the Debt Policy. This amount is higher than required by the most recent financing plan in order to provide some allowance for the possibility of either unanticipated delay in the collection of scheduled pledges between now and the date required for match verification or a determination by the State that disqualifies use for matching purposes of any portion of the funds on hand. $8.7 million is the maximum amount anticipated to be required; it is likely that the full amount will not be necessary.

The limit for Internal Financings under Section V of the Debt Policy is 10% of the core cash balance of the University’s general operating bank account. Currently, that limit is $7,540,970. Using $8.7 million of Internal Financing for matching purposes would cause the total amount of Internal Financings to exceed the Debt Policy limit by approximately $1.16 million, and would cause the amount of Internal Financings to equal approximately 11.5% of the University’s core cash balance.

The University anticipates that it will repay Internal Financing amount that is in excess of the otherwise applicable Debt Policy limit as soon as practicable with appropriate philanthropic contributions.

President Wiewel and Vice President Kevin Reynolds request that the Executive and Audit Committee, on behalf of the full board, approve the Resolution authorizing up to $8.7 million of Internal Financing, if necessary, for the School of Business and Stott Center/Viking Pavilion projects, notwithstanding the limitations of Section V of the Debt Policy.

Trustee Rick Miller stated that he would abstain from voting due to the potential of a perceived of interest arising from his involvement with the School of Business project.

ACTION: Tom Imeson moved that the Committee approve the Resolution on behalf of the Board. Gale Castillo seconded the motion. Castillo, Imeson, Kirkpatrick and Chair Nickerson voted aye. Miller abstained. The motion was approved.

3. ADJOURN

With no further comments or questions from the committee, Chair Nickerson adjourned the meeting at 3:52 pm.