1. Call to Order/Roll/Declaration of Quorum

2. Consent Agenda
   a. Approval of Minutes from November 3, 2015 Meeting
      Draft Minutes 11-03-15 - Page 2

3. 2015 - 2017 Capital Projects Approval & Debt Issuance
   a. Project Presentations
   b. Debt Portfolio and Review of Ratios
   c. Resolution Recommending Approval
      Resolution Cover Sheet_15 17 Capital Projects Approval Debt Issuance - Page 7
      Article XI-F G Q 2016 Debt Approval Resolution - Portland State University - Page 9

4. 2017 - 2019 Capital Project Prioritization

5. Budget Updates
   a. 4th Week Fall Enrollment
   b. FY16 Budget to Forecasted Actuals
   c. Updated Cash Flow Forecast
   d. First Quarter Financials

6. Dashboard Discussion Continued

7. Questions and Comments

8. Adjourn
Meeting #9  
November 3, 2015  
Market Center Building  
12:00 – 3:00 pm

Minutes

Committee Members Present: Rick Miller, Christine Vernier, Pete Nickerson (phone), Gale Castillo, Erica Bestpitch, Irving Levin, Wim Wiewel (ex officio)

Board of Trustees Member Present: Margaret Kirkpatrick

Committee Member Not Present: Peter Stott

University Staff Present: David Reese, Kevin Reynolds, Susan Klees, Shelley Winn, Andria Johnson, Jennifer Kahl, Don Forsythe, Scott Marshall, Cathy Kirchner, Pam Miller, Michael Bowman, Brian Roy, Steve Percy, Kari St. Peters, Vickie Ellig, Gergana Petcova, Debbie Koreski,

Others Present: Michelle Janke, Matthew Landkamer, Corraggio Group

1. Call to Order/Roll/Declaration of Quorum  
Chair Miller called the meeting to order at 1:05 pm. Roll was called and a quorum was established.

2. Consent Agenda  
ACTION: Bestpitch moved to approve the minutes of the September 2, 2015 meeting. Vernier seconded. The motion passed unanimously.

3. Strategic Plan  
Dean Stephen Percy presented the current draft of the strategic plan. It is not in a final state and the intent of the conversation today is for the committee to focus on the sections most relevant to it. Dean Percy reviewed the process used to create the plan.
   a. Governance
   b. Topic Teams
      i. Community Partnerships, Engagement and Civic Leadership
      ii. Student Learning and Academic Success
      iii. Innovative Research, Scholarship and Creative Activities
      iv. Equity, Opportunity and Access
      v. Organizational Excellence and Financial Stability
vi. Campus Climate
vii. Faculty Roles and Structure
viii. Global Excellence
c. Over 3,800 participants in the process
d. Vision
Portland State University leads the way to an equitable and sustainable future through academic excellence, urban engagement, and expanding opportunity for all
e. Mission
i. We serve and enhance a vibrant region through our creativity, collective knowledge and expertise.
ii. We are dedicated to collaborative learning, innovative research, sustainability and community engagement.
iii. Our research and teaching have global impact.
iv. We educate a diverse community of lifelong learners.
f. Values
i. **We promote** access, inclusion and equity as pillars of excellence.
ii. **We commit** to curiosity, collaboration, stewardship and sustainability.
iii. **We strive** for excellence and innovation that solves problems.
iv. **We believe** everyone should be treated with integrity and respect.
g. Strategic Goals
i. Elevate Student Success
ii. Advance Excellence in Teaching and Research
iii. Extend Our Leadership in Community Engagement
iv. Expand Our Commitment to Equity
v. Innovate for Long-term Stability
h. Closing Thoughts
i. Starting place – much work will follow implementation of the plan
ii. Faculty participation and governance will be important moving forward
iii. There are still opportunities to refine ideas and clarify specific outcomes
i. Comments provided to the Strategic Planning Committee

**ACTION:** The Strategic Plan committee will provide a revised draft based on comments received.

### 4. 2015/2016 RCAT Update

a. RCAT stands for Revenue and Cost Attribution Tool
b. It is a financial decision making tool that helps us understand how our Education & General (E&G) funds flow into and through the University
c. The RCAT shows where the revenue is generated and where the costs are incurred, which informs fact-based strategic decision making

d. Three RCATs are presented including: FY15 Actual, Education and General Funds Only; FY15 Actual, E&G funds including management reserves; FY16 Budget

e. On the E&G including management reserves presentation, note that this accounts for actual expenditures

5. Budget Updates

a. Summer Enrollment Report
   In total, student headcount for Summer 2015 was down 521 students, a 4.1% reduction compared to the previous summer. The decline was led by international students, which declined 9.5%. Student Credit Hours (SCH) were similarly down, by 6.7% in total, which was driven by an 11.5% decline in non-resident SCH.

b. Cash Flow Forecast Update
   There was a $3 million shortfall in September resulting from billing timing, the impact of lower summer enrollment, and the timing of reimbursement for costs on construction projects. We are not expecting to fall short of 30- or 60-day liquidity requirements.

   ACTION: The committee would like to see a reforecast for the year at the December meeting.

6. Financial Dashboard Components

   At the September 2, 2015 Finance and Administration Committee meeting, committee members requested that the university develop a financial dashboard to be presented to the committee regularly to inform conversations about the university’s financial health and direction.

   a. University Treasurer Don Forsythe has reviewed dashboards in use at other universities and explored other resources to provide directions on appropriate dashboard components, including NACUBO (National Association of College and University Business Officers), the US Government, and accounting and investment firms such as Prager, Sealy & Co., and Grant Thornton. Additionally, practices at several Urban 22 universities, UO, OSU, and OHSU were reviewed, to the extent these universities had comparable tool, which most did not.

   b. Generally, dashboards are broader in nature and include demographics and student performance data.

   c. Typically, dashboards have two to three pages of data reflected.
d. Data presented in the handouts today is for internal discussion purposes only and is not based on audited financial statements.

e. The committee was asked if the information presented (see meeting handouts) provides the correct information. Discussion provided the following guidance:
   
a. Give non-experts ability to be aware of trends without having to sift through the detailed financial reports

b. Distill presentation down to essential components

c. Would be interesting to overlay PSU Foundation financial information

f. Nickerson suggested reviewing this article: “Stress testing” Trusteeship magazine: [http://agb.org/trusteeship/2015/septemberoctober/stress-testing-how-can-you-ensure-your-institutions-fiscal-health](http://agb.org/trusteeship/2015/septemberoctober/stress-testing-how-can-you-ensure-your-institutions-fiscal-health)

**ACTION:** Provide calculations/definitions for each item on the dashboard.

7. **Insurance/University Risk Analysis**

Brian Roy, University Risk Manager, presented an overview of the university risk profile and insurance coverage.

a. PSU is insured through the Public Universities Risk Management and Insurance Trust (PURMIT), which is a separate legal entity.

b. There are three levels of coverage:
   
i. Retained Risk: PSU covers the first $100,000 for general liability and property loss.

ii. Pooled Risk: PURMIT covers losses after PSU’s deductible up to the excess coverage attachment point.

iii. Excess Coverage: Losses above PURMIT’s layer is covered by outside excess insurers.

b. Directors and Officers coverage is provided via the University’s United Educators liability policy.

c. See meeting materials for further information on insurance coverage.

d. Brian working on institution-wide risk management analysis, a comprehensive risk management analysis. To be brought back to committee in the future.

8. **F&A Committee Yearly Goals**

Proposed annual goals for the committee in 2015-2016 are as follows:
a. Receive and review internally prepared financial statements on a quarterly basis including budget-to-actual performance on a year-to-date and year-over-year basis.

b. Present to the board a proposed list of financial indicators to track current and trending performance and financial health of the university presented in a dashboard format.

c. Explore best practices and propose a policy to the board that defines certain financial limits of authority and suggested practices for unbudgeted spending, long-term contractual relationships.

d. Debate alternative revenue sources and provide guidance to the board and administration about any options deemed reasonable.

e. Construct a University Reserve Policy.

ACTION: Castillo moved that we accept plan. Nickerson seconded the motion. The motion passed unanimously.

9. Adjourn

Chair Miller adjourned the meeting at 3:11 p.m.
AGENDA ITEM: 3

DATE: December 2, 2015

TITLE: Approval of Resolution Concerning Approving and Requesting Issuance of State of Oregon General Obligation Bonds for the Acquisition of the Broadway Housing Property and the Revitalization of Neuberger Hall

SUMMARY OF ITEM: The PSU Policy on Debt Management requires the Board of Trustees to approve PSU projects to be included in the State’s bond sales. The 2015-2017 Bond Bill authorized the issuance of State general obligation bonds for the Broadway Housing project and for the Neuberger Hall Revitalization project, which results in the need for formal Board approval of these two projects.

1. The University expects to fund the purchase of the Broadway Housing building with approximately $49 million of Article F(1) bonds, which is University-Paid Debt, defined as borrowings that are expected to be repaid from revenues of the University.

   The Broadway building is a residence hall with classroom space, a computer lab, and rented retail space in addition to its 382 dormitory rooms. It is currently owned by the Portland State University Foundation and was originally financed with a $47.4 million conduit revenue bond through the City of Portland, which was subsequently refinanced during the financial collapse in 2008 at highly disadvantageous terms resulting in a significant increase in debt service paid by University Housing.

   Refinancing the property with State of Oregon Article XI-F(1) bonds as proposed herein will result in the university borrowing $2.1 million more than the currently outstanding balance of the existing bonds, but with terms allowing University Housing to realize $1.3 million in additional cash flow annually. These savings arise from both lower borrowing costs and lower expenses associated with operating the building.

   With this transaction, the university will acquire the property from the Portland State University Foundation and the bonds will be reflected as a university liability.

2. The Neuberger Hall Revitalization project is to be funded by the issuance of approximately $50 million in Article XI-Q bonds, $10 million of
Article XI-G bonds, and $10 million of matching funds consisting of gifts. Article XI-Q and XI-G bonds are repaid by the State of Oregon, and are therefore defined as State-Paid Debt. Matching funds are required in an amount at least equal to the XI-G bonds amount.

As the hub for multiple student services including the registrar, financial aid and Veteran’s services, as well as classrooms and lab space, Neuberger Hall is one of the most important and heavily used buildings on campus. Its renovation has been a longstanding priority of the university, and passage of HB 5005 allows the project to be financed with state-paid debt as outlined with no impact on the institution’s liabilities or cash flow. The project as currently proposed addresses all the building’s critical and immediate accessibility, life and safety, and deferred maintenance needs.

REQUESTED COMMITTEE ACTION: Approve the Resolution Approving and Requesting Issuance of State of Oregon General Obligation Bonds for the Acquisition of the Broadway Housing Property and the Revitalization of Neuberger Hall and recommend the Resolution to the full Board for approval on December 10, 2015.

ATTACHED DOCUMENTS:
1. Resolution Approving and Requesting Issuance of State of Oregon General Obligation Bonds for the Acquisition of the Broadway Housing Property and the Revitalization of Neuberger Hall
RESOLUTION APPROVING AND REQUESTING ISSUANCE OF STATE OF OREGON GENERAL OBLIGATION BONDS FOR THE ACQUISITION OF THE BROADWAY HOUSING PROPERTY AND THE REVITALIZATION OF NEUBERGER HALL

Recommended by the Finance and Administration Committee
December __, 2015

Approved by the Board of Trustees
December __, 2015

BACKGROUND

A. At the request of the Higher Education Coordinating Commission the Oregon Legislative Assembly has authorized the issuance of State of Oregon ("State") general obligation bonds for the benefit of Portland State University (the "University") under Article XI-G, Article XI-Q and Article XI-F(1) of the Oregon Constitution, applicable provisions of ORS Chapters 286A, 351 and 352, as amended by chapter 828, Oregon Laws 2015 (collectively, the “Act”), and chapter 685, Oregon Laws 2015 (the “2015-2017 Bond Bill”).

B. The 2015-2017 Bond Bill authorized the issuance of State general obligation bonds for the Broadway Housing project in the form of $53,680,000 of Article XI-F(1) bonds. Of this authorized amount, the University expects to request up to $48,580,000 of Article XI-F(1) Bonds for the Broadway Housing project.

C. The 2015-2017 Bond Bill also authorized the issuance of State general obligation bonds for the Neuberger Hall Renovation and Deferred Maintenance project as follows: $10,220,000 of Article XI-G bonds and $50,359,300 of Article XI-Q bonds. In addition, the Neuberger Hall Revitalization project is expected to be funded with approximately $10,000,000 of University matching funds consisting of gifts.

D. On December 11, 2014, the Board of Trustees (the “Board”) of the University approved the University’s Debt Management Policy, addressing among other things the issuance of “State-Paid Debt”, defined as borrowings that are expected to be repaid from state appropriations including Article XI-G Bonds and certain Article XI-Q Bonds, and the issuance of “University-Paid Debt,” defined as borrowings that are expected to be repaid from revenues of the University including Article XI-F(1) Bonds.

E. Consistent with Section III.E of the Debt Management Policy, the University has evaluated the form of debt that is best suited for the Broadway Housing and Neuberger Hall Renovation and Deferred Maintenance projects, has considered the cost of capital, and has determined to issue debt through the State for a portion of the costs of these projects, taking into consideration the cost of capital, financial flexibility and the use of debt capacity.

F. This Board desires to request the issuance by the State of Article XI-F(1) bonds for the benefit of the University for the Broadway Housing project, Article XI-G bonds for the benefit of the University for the Neuberger Hall Renovation and Deferred Maintenance project and Article XI-Q bonds for the benefit of the University for the Neuberger Hall Renovation and Deferred
Maintenance project, consistent with the authorization of the 2015-2017 Bond Bill, and as may be further provided by law, without requiring further action of this Board.

G. Article XI-G of the Oregon Constitution requires that the amount of any indebtedness incurred under that section in any biennium shall be matched by an amount that is at least equal to the amount of the indebtedness, and may include moneys available to the University. Article XI-G also requires that the matching amount be used for the same or similar purposes as the proceeds of the indebtedness.

H. Under Section V of the Debt Management Policy, Internal Financings may be used to provide matching funds for Article XI-G Bonds in anticipation of the receipt of philanthropic funds pledged to the University for a project, up to the total amount permitted by Section V of the Debt Management Policy. Under Section II.B.10 of the Debt Management Policy, the Board has delegated to the President, who may further delegate to the Vice President for Finance and Administration and University Treasurer, authority to approve Internal Financing up to the total amount permitted by Section V of the Debt Management Policy without further Board action. It is anticipated that Internal Financings will be used to provide a portion of the matching amount required for Article XI-G Bonds.

I. The Board hereby finds that moneys available to the University have been and will be applied to pay a portion of the costs of the projects to be financed in part with the proceeds of Article XI-G bonds to be issued in the 2015-2017 biennium to satisfy this match requirement.

J. The Board hereby finds that revenues, not including amounts appropriated by the Oregon Legislative Assembly from the State's General Fund, are conservatively estimated to be lawfully available and sufficient to pay debt service on the Article XI-F(1) bonds for the Broadway Housing project and to operate the project.

K. Under Section II.B.7 of the Debt Management Policy, the Board has delegated to the President (who may further delegate to the Vice President for Finance and Administration and University Treasurer) authority and responsibility for previously issued state general obligation bonds from which PSU received proceeds, approval of refunding opportunities determined by the State Treasurer to be in the best interest of the State.

L. Under Section II.B.9 of the Debt Management Policy, the Board has delegated to the President (who may further delegate to the Vice President for Finance and Administration and University Treasurer) authority to enter into or endorse reimbursement resolutions, authorization resolutions, and such other documents as may be necessary for any debt issuance authorized by the Board, including debt authorized by the President or his delegate pursuant to the Debt Management Policy.

RESOLUTION

Now, therefore, be it Resolved by the Board of Trustees, that:

1. Article XI-G Bonds. Article XI-G Bonds are authorized to be sold by the State under the Act for the benefit of the University and consistent with the authorization of the 2015-2017 Bond Bill. The University hereby requests that the State issue the Article XI-G Bonds for the Neuberger Hall Renovation and Deferred Maintenance project.
2. **Article XI-Q Bonds.** Article XI-Q Bonds are authorized to be sold by the State under the Act for the benefit of the University and consistent with the authorization of the 2015-2017 Bond Bill. The University hereby requests that the State issue the Article XI-Q Bonds for the Neuberger Hall Renovation and Deferred Maintenance project.

3. **Article XI-F(1) Bonds.** Article XI-F(1) Bonds are authorized to be sold by the State under the Act for the benefit of the University and consistent with the authorization of the 2015-2017 Bond Bill. The University hereby requests that the State issue the Article XI-F(1) Bonds for the Broadway Housing project.

4. **Terms, Sale and Issuance.** The Article XI-G, Article XI-Q and Article XI-F(1) bonds authorized by the Act and the 2015-2017 Bond Bill (collectively, the “Bonds”) and requested to be issued by the State for the benefit of the University by this resolution and further action of the Authorized University Representative (defined below), shall be issued in such series and principal amounts as the State Treasurer, after consultation with the University, shall determine are required to pay or reimburse costs of the projects described in Sections 1, 2 and 3 of this resolution. For the purposes of this resolution, the term Bonds includes bonds, notes, or any form of borrowing, including without limitation, interim financing.

5. **Maintenance of Tax-Exempt Status.** The President of the University, who may further delegate to the Vice President for Finance and Administration and University Treasurer (each an “Authorized University Representative”) is hereby authorized to covenant, on behalf of the University, to comply with the provisions of the Internal Revenue Code of 1986, as amended, that are required for interest on tax-exempt bonds to be excluded from gross income for federal income taxation purposes, for bonds issued on a tax-exempt basis and to execute and deliver such agreements, documents or certificates required for such bonds to be issued on a tax-exempt basis.

6. **Refunding Bonds.** Oregon Laws 2015, Sections 3(2), 8(1) and 23(10) provide for the issuance of refunding bonds by the State for bonds issued under Article XI-F(1), Article XI-G and Article XI-Q, respectively. Consistent with the applicable provisions of Oregon law and as set forth under Section II.B.7 of the Debt Management Policy, the University delegates authority to the Authorized University Representative to review refunding bond candidates presented to the University, to provide concurrence, if required under State law, for the issuance by the State of refunding bonds when in the best interest of the University and to execute and deliver such agreements, documents or certificates required for such refunding bonds to be issued.

7. **Approval of Financed Projects.** Consistent with the policy objectives set forth in PSU Standard 580-060-0020, the Board finds that the acquisition of the Broadway Housing property will be for the present or future development of the University. Pursuant to ORS 352.113 legal title to the Broadway Housing property shall be taken and held in the name of the State of Oregon, acting by and through the Board. The President is delegated the authority to execute conveyances for the acquisition of the Broadway Housing property, through the defeasance or refunding of outstanding debt issued to finance the project, after the following have been performed to the satisfaction of the President: reviewing an appraisal by a licensed and experienced real estate appraiser estimating fair market value;
reviewing a current or previously completed environmental assessment and determining that any risk associated with the real property is reasonable; and determining that sufficient ongoing revenues are available to operate and maintain the property. The Board hereby authorizes, empowers and directs the Authorized University Representative to take further actions as may be necessary or desirable to expend Bond proceeds, provide assurances to the State, acting by and through the State Treasurer or Department of Administrative Services related to the condition of, or potential liability related to, the property acquired with the Bond proceeds, and to implement the projects and to transfer title to the property to the name of the State of Oregon, acting by and through the Board, including, without limitation, agreements, documents or certificates in connection with the acquisition of the Broadway Housing property.

8. **Ratification and Approval of Financing Actions.** The Board hereby ratifies and approves all prior actions taken on behalf of the Board or the University related to the Bonds and the projects to be financed with proceeds of the Bonds. The Board hereby authorizes, empowers and directs the Authorized University Representative to take further actions as may be necessary or desirable related to the Bonds and bonds authorized to be approved by the President or his delegatee under the Debt Management Policy, including, without limitation, (i) requesting the issuance of bonds or providing concurrence if required for the issuance of refunding bonds; (ii) covenanting to perform on behalf of the University, and performing, any actions necessary to comply with requests from the State Treasurer authorized under ORS chapter 286A to administer the bonds and to protect the State’s officers and agencies from liability arising out of the title to or condition of the property financed with Bond proceeds; (iii) the execution and delivery of any agreements, documents or certificates, including any grant, loan, trust, escrow or other agreements with the State Treasurer and any other party, if necessary, as may be necessary or desirable to carry out such actions or arrangements; and (iv) to take such other actions as are necessary or desirable for the purposes and intent of this resolution.

9. **Matching Funds; Revenue Sufficiency.** The Authorized University Representative is hereby authorized to execute and deliver such agreements, documents or certificates required by the State Treasurer or the State’s Bond Counsel to establish that the University has properly matched the amount of the Bonds in accordance with the provisions of Article XI-G(1)(3) and that the University has sufficient revenues to pay debt service on the Article XI-F(1) bonds and to operate the projects financed with these bonds.

10. **Effective Date.** This resolution shall take effect immediately upon adoption by the Board.

APPROVED BY THE BOARD OF TRUSTEES
DECEMBER ___, 2015

Secretary to the Board