RESOLUTION APPROVING INTERNAL FINANCINGS FOR
SCHOOL OF BUSINESS ADMINISTRATION AND STOTT CENTER/VIKING PAVILION PROJECTS

Approved by the Executive and Audit Committee
On Behalf of the Board of Trustees
April 8, 2015

BACKGROUND

A. 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 of the Oregon Constitution for the renovation and expansion of the School of Business Administration's building (the "SBA Project") and for the renovation of the Peter Stott Center, including the construction of an event pavilion (the "Stott Center/Viking Pavilion Project"). Article XI-G of the Oregon Constitution requires that the amount of any indebtedness incurred under that article be matched by an amount that is at least equal to the amount of the indebtedness. Article XI-G also requires that the matching amount be used for the same or similar purposes as the proceeds of the indebtedness.

B. On January 30, 2015, the Board of Trustees (the "Board") approved the SBA Project and the Stott Center/Viking Pavilion Project and authorized the sale of bonds under Article XI-G for both projects. The Board also authorized the execution and delivery of such agreements, documents or certificates as may be 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 Article XI-G(1)(3).

C. The Debt Management Policy adopted by the Board on December 11, 2014 (the "Debt Policy") provides that the University may use Internal Financings (as defined in the Debt Policy) for various purposes, including providing matching funds for Article XI-G bonds. The Debt Policy provides that the total value of Internal Financings shall not exceed 10% of the core cash balance of the University’s general operating bank account, as projected annually, unless a higher amount is authorized by the Board (or by the Executive and Audit Committee when the Committee is authorized to act on behalf of the Board). In its resolution on January 30, 2015, the Board acknowledged that Internal Financing would be used to provide a portion of the matching amount required for Article XI-G bonds for the SBA Project and Stott Center/Viking Pavilion Project.

D. It is anticipated that the State will issue Article XI-G bonds during or near the week of May 11, 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.

E. The success of the SBA Project and the Stott Center/Viking Pavilion Project depend upon issuance of the full amount of Article XI-G bonds authorized by the Oregon Legislative Assembly. In order to assure that the University can provide evidence of qualified matching funds necessary for the issuance of the full amount of Article XI-G bonds for the SBA Project and the Stott Center/Viking Pavilion Project on the date required by the State, the University is seeking authorization for Internal Financing in excess of the limit stated in the Policy, if necessary. Doing
so may be necessary if adequate contributions are not on hand, or if such contributions include restrictions that cause them to not count for matching purposes, on the date required by the State.

**RESOLUTION**

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

1. **Internal Financing.** In order to provide evidence of qualified matching funds necessary for the issuance of the full amount of Article XI-G bonds authorized for the SBA Project and the Stott Center/Viking Pavilion Project on the date required by the State, the University may use up to $8.7 million of Internal Financing, if necessary, notwithstanding the limitations of Section V of the Debt Policy. The University is expected to repay the Internal Financing amount in excess of the otherwise applicable Debt Policy limit as soon as practicable with appropriate philanthropic contributions.

2. **Effective Date.** This resolution shall take effect immediately upon adoption by the Executive and Audit Committee, acting on behalf of the Board of Trustees, and shall be reported to the Board at the next regular Board meeting.

APPROVED BY THE EXECUTIVE AND AUDIT COMMITTEE
ON BEHALF OF THE BOARD OF TRUSTEES
APRIL 8, 2015

[Signature]
Secretary to the Board