Portland State University
Northwest Center for Engineering, Science and Technology

Presentation to the Oregon University System Board
June 2004
What Changed?

• Match needed to build Phase 1 has been secured in the form of cash and pledges, but will necessitate multiple bond sales – this requires Emergency Board approval.

• If we wait to build costs will increase:
  – Current contractor estimates a 6 month delay will add $900,000 in cost
  – Steel prices are very volatile
  – Programs will not have space needed to meet ETIC goals to serve growing enrollment and research demands
### Revised Project Funding

<table>
<thead>
<tr>
<th></th>
<th>Approv. Budget</th>
<th>Phase I Actual</th>
<th>Ph. II Est.*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matchable Gifts/Grants</td>
<td>$26.5M</td>
<td>$22.4M</td>
<td>$4.1M</td>
</tr>
<tr>
<td>Other Non-Match Rev.</td>
<td>$0.0M</td>
<td>$0.1M</td>
<td>$0.0M</td>
</tr>
<tr>
<td>Article XI-F Bonds</td>
<td>$7.2M</td>
<td>$0.7M</td>
<td>$0.0M</td>
</tr>
<tr>
<td>Article XI-G Bonds</td>
<td>$26.5M</td>
<td>$22.4M</td>
<td>$4.1M</td>
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<tr>
<td>Totals</td>
<td>$60.2M</td>
<td>$45.6M</td>
<td>$8.2M</td>
</tr>
</tbody>
</table>

* Phase II fundraising in process
## Phase I Funding Status

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Cash Received to Date</td>
<td>$8.4M</td>
</tr>
<tr>
<td>PSU Foundation Gifts/Pledges</td>
<td>$5.4M</td>
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<tr>
<td>Other Matchable Gifts/Pledges &amp; Grants</td>
<td>$8.6M</td>
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<tr>
<td>Total Matchable Funds</td>
<td>$22.4M</td>
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<tr>
<td>Other Non-Match. Revenues</td>
<td>$0.1M</td>
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<tr>
<td>Article XI-F Funding (retail)</td>
<td>$0.7M</td>
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<tr>
<td>Article XI-G Funding</td>
<td>$22.4M</td>
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<tr>
<td>Total Phase I Project Funding</td>
<td>$45.6M</td>
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</tbody>
</table>
Phase I Project Costs

- Expended to Date $ 5.4M
- Remaining Costs:
  - Architects Fees $ 1.2M
  - General Contractor $33.4M
  - Other Costs - permits, supervision, services $ 4.5M
- Total Remaining Costs $39.1M
- Total Phase I Costs $44.5M
Project Challenges

• Cash Flow Issues:
  – Cost reimbursable federal grants require expenditure of funds prior to reimbursement;
  – Timing of multi-year pledge payments;
  – Requirement that funds be on deposit before bonds can be sold;
  – Timing of bond sales;
  – Construction schedule and % of completion contractor payments; and
  – Legislative authorization for bonds expires 6/30/07.
Projected Phase I Cash Flows

Engineering Revenues & Expenditures
Based on a Fall 2004 Bond Sale

- Revenues
- Expenditures

Revenues and expenditures are shown on a graph with time periods from April 2004 to June 2007.
Proposed Solution to Cash Flow Challenges

• Ask Legislative Emergency Board to accept report acknowledging a plan to issue bonds for the project even though the total amount of other revenues identified in the expenditure limitation has not been received by the board

• Acknowledge use of inter-fund loan/line of credit advances to meet cash needs of the project

• Authorize multiple bond sales to comport with pledge payment and grant expenditure schedules
Project Risk Mitigation Factors

- Majority of pledges are from blue chip donors - founders of Intel and Tektronix, Miller Foundation and Maseeh - low default risk;
- More than $1.1M in surplus pledges/funding are available to cover contingencies;
- Fundraising will continue until total Phase I and Phase II financing goals are met – any new funds raised will create additional reserves; and
- Institutional cash balances are more than sufficient to fund project advances (balances average $30.9M from 2000-2004 vs. max. advance of $12.0M with an average cash balance of -$3.5M).
Unrestricted Cash Balances
2000-present

PSU Monthly Cash Status on Current Unrestricted Fund
Questions?