January 3, 2014

TO: MEMBERS OF THE STATE BOARD OF HIGHER EDUCATION

The State Board of Higher Education will be meeting on Friday, January 10, 2014, at 9:00 a.m., in open session and agenda items include: approval of minutes, two action items (Chancellor’s official residence and capital projects for consideration in February legislative session), and University Shared Services transition discussion. Prior to and following the open session, the Board will meet in executive sessions pursuant to ORS 192.660(2)(f) to discuss records that are exempt by law from public inspection. Pursuant to ORS192.660(4), representatives of the news media are allowed to attend but the Board requires that the discussions and any reports received in executive session be undisclosed. Pursuant to ORS 192.660(6), no final action will be taken or final decision made in the executive session.

Additionally, the Chancellor, Board Committee and work group chairs, chair of the Oregon Student Association, and the president of the Interinstitutional Faculty Senate will provide informational reports to the Board.

This meeting will be held in accordance with the time, location, and schedule listed below:

**Friday, January 10, 2014**

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:00 – 8:45 a.m.</td>
<td>Executive Session</td>
</tr>
<tr>
<td>9:00 a.m. – 12:00 p.m.</td>
<td>Full Board Meeting</td>
</tr>
<tr>
<td>12:30 – 2:30 p.m.</td>
<td>Executive Sessions</td>
</tr>
</tbody>
</table>

The OSBHE Boardroom is located in the Academic and Student Recreation Center (ASRC), suite 515, which is located at 1800 SW 6th Avenue. Telephone messages for Board members and institution officials attending the meetings may be called to (503) 725-5700. If special accommodations are required, please contact the Board's Office at (541) 346-5749 at least 72 hours in advance.

Cordially,

Charles L. Triplet III  
Board Secretary
Oregon State Board of Higher Education

Board Materials
January 10, 2014
Portland, Oregon
Pursuant to ORS 192.660(2)(f), the Board will meet in executive session to discuss records that are exempt by law from public inspection. Pursuant to ORS 192.660(4), representatives of the news media are allowed to attend but the Board requires that the discussions and any reports received in executive session be undisclosed. Pursuant to ORS 192.660(6), no final action will be taken or final decision made in the executive session.

1. **CALL THE MEETING TO ORDER**

2. **DISCUSSION ITEM**
   a. Chancellor’s Official Residence

3. **RECESS INTO PUBLIC MEETING**

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**Oregon State Board of Higher Education**

**Executive Session (874#)**

January 10, 2014

8:00 a.m. – 8:45 a.m.

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**Oregon State Board of Higher Education**

**Regular Meeting of the State Board**

January 10, 2014

9:00 a.m. – 12:00 p.m.

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**Oregon State Board of Higher Education**

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4. **CALL THE PUBLIC MEETING TO ORDER/ROLL CALL/WELCOME**

5. **REPORTS**
   b. Interim Chancellor’s Report
   c. Committee Action Reports ............................................................................................................ 1
      i. Academic Strategies
      ii. Finance & Administration
      iii. Governance & Policy
      iv. University Governance Work Group
      v. HECC Transition Work Group
   d. Interinstitutional Faculty Senate (IFS) President
   e. Oregon Student Association (OSA) Chair

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Oregon State Board of Higher Education
Page vi
6. **DISCUSSION ITEM**
   a. University Shared Services Transition (Davies)

7. **CONSENT ITEM**
   a. Approval of Minutes (October and November 2013)

8. **ACTION ITEMS**
   a. Chancellor’s Official Residence (Hagemann) ................................................................. 5

   b. Capital Projects for Consideration in February Legislative Session (Lewis) .................... 7

9. **RECESS INTO EXECUTIVE SESSION**

**Oregon State Board of Higher Education**

**Executive Sessions**

January 10, 2014

12:30 – 2:30 p.m.

Pursuant to ORS 192.660(2)(f), the Board will meet in executive session to discuss records that are exempt by law from public inspection. Pursuant to ORS 192.660(4), representatives of the news media are allowed to attend but the Board requires that the discussions and any reports received in executive session be undisclosed. Pursuant to ORS 192.660(6), no final action will be taken or final decision made in the executive session.

10. **CALL THE MEETING TO ORDER**

11. **DISCUSSION ITEMS**
   a. Eastern Oregon University
   b. Southern Oregon University

12. **ADJOURNMENT**
Committee Action Reports

**Academic Strategies Committee**

*Convened November 7, 2013*

**Actions**
- Approved September minutes
- Approved EOU Institutional Core Themes
- Endorsed Campus Diversity Goals and Strategies
- Approved Exception to Policy for On-Site External Review
- Approved Fiscal Year 2014 Incentive Funding
- Approved Committee work plan for 2013-14
- Approved Academic Programs:
  - OSU, Ph.D. in Business Administration
  - PSU, Ph.D. in Health Systems and Policy
  - PSU, Ph.D. in Community Health
  - OHSU, Ph.D. in Epidemiology

**Discussions**
- HECC Transition Planning
- 40-40-20 Strategy and Action Framework

**Informational Items Received**
- Five-Year Inventory of Academic Programs
- Proposed Revisions to the Faculty Sabbatical OAR (580-021-0200 through 0245)

**Finance and Administration Committee**

*Convened October 18 and November 15, 2013*

**Actions**
- Approved September and October minutes
- Approved year-end 2013 and first quarter 2013-14 reports (financial management, investments, risk management, and internal audit progress reports)
- Approved resolution for the sale of Article XI-F(1) bonds
- Approved 2013 Special Legislative Session Tuition Buy-Down implementation and related tuition rates and forwarded to full Board for consideration
- Approved Oregon State’s request for ground lease with Samaritan Health Systems, Inc.
- Approved Oregon State’s request for authorization of a special procurement method enabling OSU-Cascades to contract with INTO University Partnerships Limited for the development of certain programs and facilities at the new OSU-Cascades campus in Bend
Discussions

- Campus process for tuition recommendations for Academic Year 2014-15 and Summer Term 2015
- Delayed approval of the list new capital projects for consideration in the February 2014 legislative session for further review
- OUS, Outcomes-based Budgeting Workgroup Update
- Received an update from Director Forbes on HECC Transition Planning

Governance and Policy Committee

Convened November 15

Actions

- Approved the proposed amendments to OAR 580-021-0030, Vacations, and forwarded to Full Board for approval
- Approved Chancellor’s Office FY2014-15 organizational recommendation

Discussions

- Board governance administrative models
- Presidential performance evaluations (process, criteria, and schedule)

Joint Meeting of the Governance & Policy and Finance & Administration Committees

Convened on November 15

Discussion

- OUS Retirement plans transition to a shared services enterprise

University Governance Work Group

Convened October 17, November 4, and December 10

Action

- Work Group Charge and Timeline

Discussions

- Project scope and business plan outline
- Potential framework for independent boards
- TRU business plan progress updates

Informational Items Received

- Five-Year Inventory of Academic Programs
• AGB reports on transition options for governance of the Technical and Regional Universities in the Oregon University System
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OUS, Chancellor's Official Residence

In 1938, Campbell Church donated a residence to the State Board of Higher Education for use as the official residence of either the OUS Chancellor or the University of Oregon president. The terms of the gift provided that if the official residence—known as “TreeTops”—was no longer used as the official residence of either the OUS Chancellor or the UO president, the residence would revert to Church's heirs.

With the passage of Senate Bill 270 (2013) and significant changes in governance of Oregon's public universities, the Office of the Chancellor believes that it is prudent to determine the future use or disposition of TreeTops. There are multiple options at the Board's disposal, including, but not limited to, continuing to use the residence for the Chancellor (or UO president), condemning the property through the Board's power of eminent domain, or returning the property to the heirs of Campbell Church.

While the Board possesses broad statutory authority over the disposition of property under its care, including its administrative rules implementing that authority, the unique situation posed by TreeTops is not contemplated by the Board's administrative rules directly. In order, therefore, to give the Interim Chancellor the broadest possible ability to move expeditiously, yet deliberately to determine the best use of TreeTops, staff recommends that the Board empower the Interim Chancellor or her designee to consider the best available option, consult with Board leadership, and, if appropriate or required by law, return to the Board with an action plan for TreeTops.

STAFF RECOMMENDATION TO THE BOARD
The Board authorize the Interim Chancellor or her designee to consider all options for the future use of TreeTops, identify and take a course of action with regard to TreeTops, consult with Board leadership, negotiate and execute any and all agreements necessary for the future disposition of TreeTops, and, if appropriate and/or required by law, return to the Board with an action plan for its approval.

(Board action required.)
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Capital Projects for Consideration in the February 2014 Legislative Session

Six universities have come forward with project requests for which they would like to seek authorization in the February 2014 Legislative session. Legislative Fiscal Office has indicated that the Interim Joint Committee on Ways and Means would want to preview the projects during their January legislative days (January 15th, 16th, and 17th). We currently plan to present the projects to Ways and Means as an informational list, noting that Board/Committee approval is still pending. Once such approval is obtained, a final/prioritized list would be provided to the Ways and Means Committee for their consideration in February. These projects are scheduled to be presented for initial consideration to the Board Finance and Administration Committee on January 17th, 2014. It is possible that further legislative direction might also be available at that time. Because the full Board does not meet again until April, we ask that the Board delegate authority to the Finance and Administration Committee to approve the legislative request relative to these capital projects as summarized below.

Three have immediate life safety concerns and all institutions have agreed that these should be elevated as first priority for funding:

- Oregon Tech – Utility Tunnel Failure and Repair
- Southern Oregon University – McNeal Hall Seismic/Deferred Maintenance Upgrade
- University of Oregon – Utility Tunnel Failure and Repair

The other urgent projects being advanced by the institutions address life safety concerns, critical deferred maintenance concerns, 40-40-20 goals, student access, emergent opportunities, and bringing projects to completion.

- Oregon Tech – Klamath Falls Campus Fire Alarm System Replacement
- Oregon State University – Campus Accessibility (ADA) Improvements and Cascades Academic Building
- Portland State University – Renovation and Expansion for Graduate School of Education
- University of Oregon – Chapman Hall
- Western Oregon University – College of Education Supplemental Funding and Oregon Military Academic Building Acquisition Phase 1

Appendix A provides additional project detail currently available at this time.

STAFF RECOMMENDATION TO THE BOARD
Staff recommends that the Board delegate to the Finance & Administration Committee authority to review capital project requests being proposed for the February 2014 Legislative Session and to approve such requests and any related prioritization for submission to the legislature.

(Board action required.)
APPENDIX A

The table below identifies the funding components for each project, followed by brief project descriptions.

REQUESTS BY CAMPUS AND BY FUNDING SOURCE - revised 12/18/13

<table>
<thead>
<tr>
<th>Campus/Project</th>
<th>State-Paid Debt</th>
<th>Campus Paid</th>
<th>Total</th>
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<tbody>
<tr>
<td></td>
<td>XI-G Bonds</td>
<td>XI-Q Bonds</td>
<td>XI-M Bonds</td>
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<tr>
<td>Eastern Oregon University</td>
<td>no requests</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>1) Utility Tunnel Failure and Repair</td>
<td>1,101,100</td>
<td>1,101,100</td>
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<tr>
<td></td>
<td>2) Klamath Falls Campus Fire Life Safety System Replacement</td>
<td>2,337,360</td>
<td>2,337,360</td>
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<tr>
<td></td>
<td>Total OIT</td>
<td>-</td>
<td>3,438,460</td>
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<tr>
<td>Oregon State University</td>
<td>1) Campus Accessibility (ADA) Improvements</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td></td>
<td>2) Cascades Academic Building (match likely revenue bonds)</td>
<td>3,850,000</td>
<td>-</td>
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<tr>
<td></td>
<td>Total OSU</td>
<td>3,850,000</td>
<td>10,000,000</td>
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<tr>
<td>Portland State University</td>
<td>1) Graduate School of Education - Renovation and Expansion</td>
<td>3,000,000</td>
<td>14,000,000</td>
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<td></td>
<td>Total PSU</td>
<td>3,000,000</td>
<td>14,000,000</td>
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<tr>
<td>Southern Oregon University</td>
<td>1) McNeal Hall Seismic/Deferred Maintenance Upgrade*</td>
<td>19,000,000</td>
<td>2,000,000</td>
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<tr>
<td></td>
<td>*Original portion of XI-G/Lottery bonds changed to XI-Q bonds in anticipation of state lottery bond capacity not being available</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>Total SOU</td>
<td>19,000,000</td>
<td>2,000,000</td>
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<tr>
<td>System-wide</td>
<td>no requests</td>
<td>-</td>
<td>-</td>
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<tr>
<td>University of Oregon</td>
<td>1) Utility Tunnel Failure and Repair</td>
<td>2,100,000</td>
<td>-</td>
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<tr>
<td></td>
<td>2) Chapman Hall</td>
<td>2,500,000</td>
<td>4,500,000</td>
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<tr>
<td></td>
<td>Total UO</td>
<td>2,500,000</td>
<td>6,600,000</td>
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<tr>
<td>Western Oregon University</td>
<td>1) College of Education Supplemental Funding*</td>
<td>(1,400,000)</td>
<td>2,800,000</td>
</tr>
<tr>
<td></td>
<td>* includes requested conversion of previously approved XI-G bonds to XI-Q bonds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2) Oregon Military Academic Building Acquisition Phase 1**</td>
<td>8,100,000</td>
<td>-</td>
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<tr>
<td></td>
<td>** request is currently a range of $5M - $8.1M depending upon purchase negotiations</td>
<td>(1,400,000)</td>
<td>10,900,000</td>
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<tr>
<td></td>
<td>Total WOU</td>
<td>(1,400,000)</td>
<td>10,900,000</td>
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<tr>
<td>Grand Total</td>
<td>7,950,000</td>
<td>63,938,460</td>
<td>2,000,000</td>
</tr>
</tbody>
</table>
OREGON TECH

Utility Tunnel Failure and Repair
The Oregon Institute of Technology (OIT) uses concrete underground tunnels to house its main heating and cooling pipes, drinking water lines, high voltage electrical conduits, and communication cables. During a recent sidewalk repair one of its tunnel roofs collapsed. The failure caused large chunks of concrete to fall impacting utilities, including two 8” fiberglass heating lines. Additionally, the failure necessitated the immediate closure of a section of fire lane. Fortunately no students, staff, or workmen were injured during the event. The collapse prompted an immediate investigation and analysis of the entire utility tunnel system. This investigation revealed four additional tunnel sections requiring immediate repair to avoid structural failures and potential collapses. Additionally, the analysis showed the collapsed tunnel was not built to design and had prematurely failed as a result. Oregon Tech’s primary concern with these tunnels is falling concrete rupturing fiberglass heating lines causing an uncontrolled flood of 190°F water and the shutdown of our geothermal electrical power plant. Such a rupture would result in hundreds of gallons of scalding water flooding through the tunnels submerging building electrical rooms, mainframe equipment rooms, laboratories, and classrooms. The water would also immerse the tunnel’s high voltage cables causing short circuits and an electrocution hazard. The investigating engineers believe the severity of these findings necessitate immediate action or risk major disruptions to educational programs, greater future damage costs, campus closures, and potential injury or death to students and staff.

The engineering analysis recommended restricting travel over the damaged areas, an immediate repair of the collapsed tunnel and the repair of the four other areas as soon as practical, e.g., spring 2014. These areas have been closed to traffic including the closure of several fire lanes. All travel, including emergency response vehicles, has been rerouted around the damaged areas to avoid further collapses. The open holes in the walkway and fire lane, created by the collapsed tunnel, are scheduled for repair as a $109,000 change order to a sidewalk replacement project currently underway. This change order and the tunnel inspection and engineering analysis have both been temporarily funded through previously obligated deferred maintenance funds. With emergency funding Oregon Tech will reimburse the deferred maintenance accounts and repair the damaged areas during the 2014 construction season.

Oregon Tech is requesting $1.0 million in emergency repair funds to pay for the structural analysis, emergency tunnel repair, and permanent repair of our failing underground utility tunnels.
**TUNNEL REPAIR COST ESTIMATE 12-17-13**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Construction costs</td>
<td>$ 910,000</td>
</tr>
<tr>
<td>A &amp; E costs</td>
<td>$ 100,100</td>
</tr>
<tr>
<td>Contingency</td>
<td>$ 91,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,101,100</strong></td>
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**Klamath Fall Campus Fire Life Safety System Replacement**

The Oregon Tech Klamath Falls campus fire alarm systems, as a whole, do not adequately protect our students, staff, and facilities. These systems need to be replaced due to their lack of reliability, fire detection, system trouble monitoring, mass communication capabilities, multiple manufacturers, and an inability to automatically notify Emergency Fire Services in case of a fire. Oregon Tech Klamath Falls campus does not currently have a dependable communication system within most of the campus buildings in case of a fire or similar disaster. In case of a fire or similar disaster, the safety officers would use their issued bull horns and the public affairs office would use the emergency notification system which includes e-mails, texts, and phone messages to students, faculty, and staff. This communication system has its limitations due to the fact that only one to three Safety Officers are available at any one time on the campus (evenings, night, and weekends, one officer; day shift, two officers with overlap for 1-2 hours with three officers) plus a director during the work week and the emergency notification system alert can take up to 10 minutes or more to reach students, faculty, and staff.

The Klamath Falls campus fire alarm systems are an eclectic mixture of fire alarm panels manufactured by competing vendors who have intentionally designed their systems to prohibit interaction with each other. These fire alarm systems range from fully automatic to completely manual. Several systems were manufactured in the early 1960s. Older manual systems have no fire detection capabilities and alarm only if someone manually activates a pull station. If a fire occurs in a building with a manual system, and no one pulls the alarm, the fire can completely destroy the structure and no alarms will sound. In addition, Emergency Fire Services will never know of a fire with a manual system unless someone directly contacts the service. These systems offer no facility protection after hours, weekends, or during holidays when few or no people are present. Additionally, the archaic manual systems are only kept operational through frequent repairs and at great expense as their parts are obsolete. In the last two months fire watches were scheduled to monitor malfunctioning fire alarm system feared to be non-operational as a result of component failure. These systems do not provide adequate protection for our students, faculty, staff, or facilities and should be replaced with a single source Fire Life Safety system that automatically detects fires and provides system trouble supervision and mass campus communication. Failure to complete the replacement may result in greater future damage costs, campus closures, and potential injury or death to students, faculty, and staff.
Oregon Tech requests $2,337,360 in Article XI-Q bonds to replace the Klamath Falls existing campus fire alarm system with a modern fire life safety system. This system will provide; automatic fire detection, automatic Emergency Fire Service notification, system trouble monitoring, fire command centers, interface with all necessary equipment for life safety, and a campus-wide mass communication component.

<table>
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<tr>
<th>FIRE LIFE SAFETY SYSTEM REPLACEMENT COST ESTIMATE 11-7-13</th>
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</thead>
<tbody>
<tr>
<td>Construction costs</td>
</tr>
<tr>
<td>A &amp; E costs @ 11%</td>
</tr>
<tr>
<td>Contingency @ 10%</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

OREGON STATE UNIVERSITY

CAMPUS ACCESSIBILITY (ADA) IMPROVEMENTS

**Background**
OSU seeks legislative financial support for several urgent improvements that are required to provide increased safety and access to OSU facilities for all students, faculty, and staff, particularly those with physical limitations. These improvements include immediately creating safer and more accessible paths of travel, and providing critically urgent accessible classroom facilities throughout the OSU Corvallis campus to accommodate all community members. Accelerating improvements to accessibility and safety by even one year will have significant positive impacts for the four to five year academic careers of our students. Failure now to show demonstrated progress in FY 2015 toward accessibility will jeopardize the strategic goals of the University and will leave many of our talented students and colleagues behind for one more year.

OSU’s urgent need for quality accessible education space has exceeded supply. This results in unequal and substandard learning environments, relocations, reassignments, and inefficiencies in class scheduling. This also creates increasing difficulties for students to register for, attend, and pass the courses required for graduation. The increased requirement for quality accessible space is immediate and directly affects OSU’s ability to meet the State’s 40-40-20 educational goals.

A large number of OSU classrooms are entirely unsuitable for students and teachers with disabilities. Identified deficiencies include accessibility barriers within our buildings; from building entry to the classroom, paths of travel within the classroom, deficiencies in accessible seating and wheel-chair space, as well as unequal access to the instructor, teaching media
technology, and to collaborate with other students. OSU’s immediate need for improved classrooms involves fourteen major classrooms distributed throughout seven OSU academic buildings. Each classroom renewal is essential to improving accessibility and providing a quality environment for optimal teaching and learning without which OSU cannot successfully meet the 40-40-20 educational goals of the State.

In addition to the 14 major classroom improvements required now to meet our needs, OSU has recently identified approximately 5,000 existing accessibility barriers throughout the campus. These barriers create unequal access to OSU’s campus and facilities and can result in unsafe conditions. Consistent with the 2010 ADA Standards for Accessible Design for all new improvements, the accessible travel pathway assessment identified all existing barriers to accessibility including sidewalk and walkway slopes, curb ramps, accessible parking locations and routes from these locations to building entrances, ramps, accessible entrances, accessible entrance and exit controls and mechanisms, accessible-route way finding signage, external stairways, street furniture, and transit shuttle and bus stops.

Removal of these barriers will provide immediate accessible travel pathway between all OSU buildings and connect all OSU buildings with accessible vehicular parking and transit-stop locations. This is OSU’s highest and most critical safety improvement which has the most immediate impact and improvement to our highest faculty, staff, and student need – safe and universal access.

Request
OSU is requesting $10,000,000 in Article XI-Q Bond authorization to implement urgently needed campus accessibility and safety improvements to assist OSU to meet enrollment growth and accommodate all community members at OSU. This urgent request is comprised of the following proposed capital investments on the OSU Corvallis Campus:

- Accessibility improvements and renewal for four auditorium-sized classrooms in Peavy, Cordley, and Gilbert Halls – $3,000,000.

- Accessibility improvements and renewal for 10 large classrooms in Cordley, Wilkinson, Nash Women’s Building, and Covell Halls – $1,000,000.
  - An accessible travel pathway between the majority of OSU buildings and connecting all OSU buildings with accessible vehicular parking and transit-stop locations – $4,000,000.
  - Extending the campus accessible travel pathway to the OSU Corvallis Campus’ East Hill Area creating a comprehensive solution to the severe vertical barriers that do not provide accessible travel pathway to academic buildings in this important instructional classroom area of the campus. This improvement will require relocations of walks and parking, installation of sidewalk and building ramps, improvements to building entries, and use and improvement of building vertical transportation systems. This accessible improvement provides much more efficient utilization of classrooms, at the same time accommodating all community members at OSU – $2,000,000.
OREGON STATE UNIVERSITY – CASCADES

ACADEMIC BUILDING

Background
OSU-Cascades received state legislative approval to expand as a 4-year branch campus in 2012 and received a $20,000,000 appropriation during the last legislative session. The appropriation included Articles X1-G ($4 million), X1-Q ($12 million), and X1-F(1) ($4 million) bonds. In addition, $4 million in private donations have been raised for a current total of $24 million available to build Phase I of the OSU-Cascades campus.

In order to meet Oregon’s 40-40-20 goals, the OSU-Cascades campus will need to grow to 5,000 students by 2025. OSU Cascades’ leadership identified that 45-65 acres would be required to accommodate its plan for 5,000 students. OSU-Cascades, working with a volunteer committee of real estate experts in Bend, considered every possible option for acquiring 45-65 acres and concluded that the purchase of 56 acres on Bend’s west side would be the best option based on capital costs and the location’s potential to successfully recruit future students.

OSU-Cascades’ staff have negotiated the purchase of 56 acres for $12,850,000. This land acquisition decision secures OSU-Cascade’s long-term future by ensuring that the site can accommodate a campus population of 5,000 students to meet the State’s 40-40-20 goal. Given the improving real estate market in Bend, this was a wise use of state funds, as it will mitigate future expansion costs and allow for effective planning and fundraising. However, OSU-Cascades is in urgent need of additional capital to build the necessary academic facilities to open the new campus in Fall 2015. With the land acquisition, $11,150,000 remains available from the current total of $24 million to build Phase I of the OSU-Cascades campus.

The key component of the new campus will be the first Academic Building. The building will provide state-of-the-art classrooms, teaching laboratories, research, and student community spaces, as well as student support, faculty, and administrative offices. The 54,000 SF Academic Building will meet the academic space needed to open the new campus in Fall 2015. The components and function of the academic building are vital and must be complete and comprehensive enough to build a sense of community to create a vibrant four-year academic program in Bend.

OSU is in the process of concluding its lease of Cascades Hall on the Central Oregon Community College (COCC) campus and needs to replace that space (38,000 square feet) on the new campus site. Enrollment at OSU-Cascades grew by 19% in headcount and 16% in FTE in Fall 2013, and immediate needs far exceed the capacity of the Cascades Hall on the COCC campus. By Fall of 2015, OSU-Cascades will need 54,000 SF of academic space on the new campus, requiring an investment of $18,850,000. With $11,150,000 remaining of the current capital funds available for the new OSU-Cascades campus development, OSU needs an additional $7,700,000 to complete the design and construction of the first academic building.
**Request**

Central Oregon is one of the fastest growing regions of the state and expanding access to higher education in this region reduces transportation and living costs for students from the region, making it more likely that they will complete their degrees and contribute to the State’s 40-40-20 goal. The changing real estate market in Bend has caused the original estimate of $24 million to be insufficient to meet the immediate need. The timing of this request is critical because facilities need to be in place by Fall 2015 to accommodate the first class of freshmen and sophomores at OSU-Cascades.

OSU is requesting **$3,850,000** in Article X1-G bond authorization matched by $3,850,000 of other funds, which will likely be revenue bonds.

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**PORTLAND STATE UNIVERSITY**

**GRADUATE SCHOOL OF EDUCATION PROJECT**

**Urgency of Need**

The proposed project addresses a building’s major electric and fire suppression system deficiencies, which have become more apparent over the last year, to avoid potential injury to occupants, adds an elevator to a building without one but with important classrooms on the second floor so all spaces are accessible by all students and creates a permanent home for the Graduate School of Education at the time when the School will be displaced by the School of Business Administration project approved during the previous legislative session. The addition of office, classroom, and student support spaces will also help avoid the financial costs of leasing space for the Graduate School of Education.

**Nature of the Request**

Portland State University respectfully requests the following for inclusion in a capital budget bill for consideration in the February 2014 Legislative Session; that the Joint Committee on Ways and Means approve $14 million in Article XI-Q bonds and $3 million in Article XI-G bonds for the renovation and expansion of an existing PSU building, the Extended Studies Building (XSB). Additional funding would include $3 million from other sources including but not limited to private donations. This $20 million project will provide critical life safety improvements, significantly improve accessibility in a building currently without an elevator, decrease the campus’s deferred maintenance backlog, help the state achieve its 40-40-20 goal, and accommodate an urgent need to create a new home for the Graduate School of Education (GSE).

The XSB was built in two phases in 1957 and 1964 and is now in very poor condition. The building has major electric and fire suppression system deficiencies along with a significant amount of deferred maintenance. Risks of continuing to occupy the building without significant
improvement include contamination of the city's water supply and a greater likelihood of damage and injury in the event of a fire. The building is three stories and has offices and classrooms throughout the building, yet does not have an elevator. PSU accommodates a higher percentage of students with disabilities than any other OUS institution, and it is imperative that all of its buildings are accessible to all students. This project will address all of the building's deferred maintenance and improve its safety and accessibility significantly.

The project will include a renovation of 30,246 square feet of space and an addition of approximately 38,000 SF to fully accommodate the GSE, an urgent programmatic need. In addition to creating a new home for GSE, the project will modernize spaces for Black Studies, Indigenous Nations, Women, Gender, and Sexuality Studies, and Graduate Studies (existing occupants), and upgrade seven general pool classrooms. With the legislature's support and approval, this renovated and expanded facility will soon be renamed the Graduate School of Education Building. The project will allow GSE to build upon its long history of success of educating and training current and future teachers, counselors and school administrators across the state.

Background
During the 2013 Legislative Session, the School of Business Administration project was approved; a $50 million project funded with Article XI-Q bonds ($30 million), Article XI-G bonds ($10 million) and gifts or other funds ($10 million). This project requires the Graduate School of Education (GSE) to move from their current home adjacent to the School of Business to accommodate this important project, and ground breaking is scheduled for January 2015. The Neuberger Hall project, which was intended to include a new home for the GSE, was not approved in the last legislative session. There continues to be an urgent need to create a new home for GSE. It has been determined that a renovation and expansion of XSB is a more cost effective way to accommodate GSE while also addressing significant deferred maintenance, accessibility and safety needs on campus.

PSU intends to seek legislative approval for a replacement or renovation of Neuberger Hall in the 2015 session, a much more significant project than the GSE project currently being requested. Neuberger Hall is the building at PSU in poorest condition and with the greatest needs for improvement. Additionally, it is 100% occupied by departments and uses that have expansion needs. By accommodating GSE in an expansion of the XSB building, Neuberger Hall will be able to be retained for many if not all of its existing occupants and uses: College of Liberal Arts and Sciences departments, parts of the School of Art and Design, student services and general pool classrooms. These departments and uses will be able to be more effective in an extremely efficient state-of-the-art academic building.

PSU is committed to meeting the immediate need of accommodating GSE in as cost effective a manner as possible, but also in a manner that is consistent with our stewardship responsibilities relative to the Park Blocks and that supports our sustainability values in terms of reusing and repurposing existing space. PSU has more deferred maintenance than any campus in OUS (over $160 million within E&G space according to a study conducted by Sightlines in 2012) and over
twice the amount per square foot than the average across the other institutions. Additionally, PSU accommodates over 20% more students and employees per square foot than all other OUS institutions. Since 2001, student FTE has increased 46% while the amount of E&G space has only increased by 28% during that time. A major renovation of XSB now and an even more significant one of Neuberger Hall in 2015 will go a long way in addressing the significant backlog of deferred maintenance at PSU and help better accommodate the density of students these facilities serve.

The proposed project will turn a nondescript building along the park blocks into a modern education resource with modernized general pool classrooms, the necessary space for GSE to meet its mission and improve its programs, and renovated space for important departments who serve diverse and traditionally underserved populations. The proposed project will greatly improve an existing building and increase access and safety for current and future students, while adding an additional 38,000 square feet of space to accommodate GSE programs, classrooms, labs, student study space, advising, faculty, and staff. This central location for GSE will accommodate their current and future needs and will facilitate their coordination with other schools and colleges on campus.

GSE is the largest graduate education school in Oregon serving a diverse set of teacher education needs throughout the state. Through traditional education programs, online classes and professional development, it serves educators, education administrators and counselors throughout the state. The school features a doctorate program in Educational Leadership, several masters programs, and a multitude of graduate certificates, endorsements, certificates of completion, license preparation, and graduate credit programs. Many non-degree programs can be combined jointly with degrees or pursued independently.

The Graduate School of Education also includes the following research and training centers:
- Autism Training and Research Center
- Center for Student Success
- Early Childhood Training Center
- Research Center on Inclusive and Effective Educational Practices (RCIEP)
- Oregon Center for Career Development in Childhood Care and Education (OCCD)

The Dean of GSE has begun organization of a fundraising campaign with naming opportunities that would be created.
MCNEAL HALL SEISMIC/DEFERRED MAINTENANCE UPGRADE

Overview
McNeal Pavilion was completed in 1956 and named for the late Roy McNeal, the University’s first athletic coach. The original building included a large gymnasium, multi-use rooms, locker rooms, classrooms, offices, and support spaces. McNeal is a concrete masonry and steel structure with wood-frame partitions, floors, and roof.

Seismic Deficiencies
In July 2013 a bulging wall was noticed at the southwest elevation of McNeal Hall. SOU contracted with ZCS Engineering (Grants Pass, OR) to determine the cause and recommend solutions. The investigation found significant corrosion in the steel columns and reinforcement that are embedded in the concrete masonry walls. The ZCS study concluded that the steel corrosion was due to extremely high levels of chloride within the original grout mix along with moisture penetration into the concrete masonry walls over the years. The problems were likely compounded by low quality materials and lack of quality control during construction. Due to the severity of this deterioration and possible wall failures, SOU contracted with Degenkolb Engineering (Portland, OR) for a second opinion which confirmed the ZCS assessment.

A facility condition analysis conducted by the ISES Corporation in July 2008 noted the deficient seismic conditions not only at the exterior walls but also at the wood-framed floors at the ground floor and roof levels.

The engineering reports indicate that, because of widespread structural steel corrosion due to carbonation from inferior concrete installed during initial construction, wall failures will occur unless a solution is implemented. The ZCS report states, “Permanent solutions would include complete demolition and replacement of the 1956 structures or at least the removal and replacement of the masonry walls.” Cost is estimated at $6 million.

Deferred Maintenance
The ISES Corporation conducted a detailed assessment of McNeal in July 2008. The report recommended major repairs and maintenance to the entire building shell, noting original clerestory windows had reached the end of their life span, the entire roof needed to be replaced (sections completed in 2011), and the interior of the pool (deck, walls, windows) all needed to be replaced and upgraded along with most of the mechanical equipment. The locker rooms, fixtures, surfaces, and equipment are “in poor condition, and a comprehensive locker room renovation . . . is recommended.” However the issues of greatest concern are the fire and HVAC deficiencies. Specifically noted were life safety issues such as unrated door assemblies and stairwell and corridor separations along with a “minimal supplied fire alarms and partial sprinkler system.” The HVAC deficiencies noted are the recommendation of
complete replacement of the 1956 and 1966 systems (80% of the building) and upgrade and balancing of the 1991 (20% of the building) systems.

The report also noted that all plumbing fixtures (in both the 1956 and 1964 construction) are past their useful life. Conditions range from “needing immediate replacement” to “short term failure” depending on location within the building. The report also noted that plumbing fixtures, valves, equipment, etc., in all parts of the facility should be replaced due to deterioration, energy inefficiency, and excessive water consumption. The building does not conform to ADA requirements and has no elevator for the three levels. People move between floor levels on interior/exterior ramps. **Cost is estimated at $15.875 million.**

**Urgency**

In June 2013, OUS Vice Chancellor for Finance and Administration Jay Kenton testified to the Ways and Means Subcommittee on Capital Construction regarding the urgency and necessity of this project from a life-safety standpoint. In testimony he stated that this project would be brought forward in the February 2014 session. SOU agrees with that assessment and would be concerned for the safety of students, faculty, staff, and others if this project was postponed again. **Total cost is $21.875 million.**

**UNIVERSITY OF OREGON**

**UTILITY TUNNEL FAILURE AND REPAIR**

The University of Oregon has a critical and immediate need to repair one of two main utility tunnels running beneath a major city boulevard and between its central plant and the main campus. A recently completed engineering study (KPFF structural and civil engineers) suggests an immediate start to repairs is needed to halt further deterioration of the tunnel walls and eliminate the intrusion of water into the tunnel. Further delays may lead to further deterioration of to the tunnel walls and possible damage to systems within the tunnel or to the tunnel structure itself. Several options for quickly and effectively repairing the tunnel have been explored. Given the tunnel’s placement close to the central plant, it carries nearly half of all of the utilities needed for the campus; and given its location below a major public thoroughfare, failure would be problematic not only for the campus and its utilities needs but for the community and its transportation needs.

The University utilizes a system of underground tunnels to house critical utilities serving its 70 on-campus buildings comprising slightly less than 5 million gross square feet of space. The tunnels contain high-voltage electrical conveyance systems, steam, chilled water, and network and communications wiring. The specific tunnel in question is about 8 feet in diameter and constructed of metal. Due to years of exposure to the soil, the metal tunnel walls have deteriorated to the point of near failure.
The cost of implementing repair is $2.1 million. The sources of funds would be state repaid Article XI-Q bonds.

**CHAPMAN HALL**

The University of Oregon has an urgent need to address critical deferred maintenance and seismic issues in Chapman Hall, the home of the Clark Honors College and one of the campus’ highest ranking historic buildings. Following the last legislative session, the project was the University’s highest remaining priority for funding and has been in the campus’ top three priorities since the 2009 session. Prior to a January 2013 revision, the project was ranked #2 on the combined OUS capital project list for the 2013-2015 biennium. An immediate start of needed renovations ensures the continued success of the Honors College by retaining those students already enrolled and attracting the next class of high achievers.

- This project will help the university attract and retain high achieving students from Oregon, thereby making a significant contribution to Oregon’s 40-40-20 Plan. Oregon students comprise 65% of the enrollment of the College, 62% of the College’s Fall 2011 freshman class and 73% of the Fall 2012 freshman class are from Oregon illustrating the upward trend towards keeping the best and brightest Oregon students at home.
- The remodel will allow for enhanced accessibility for students, faculty, and staff by removing existing barriers to make the building completely accessible to all.
- The project improves access to the second floor of the building dramatically improving its functionality.
- The project removes numerous outdated and worn out building systems greatly improving its safety and energy efficiency.
- The project ensures the longevity of the historic building by replacing or repairing critical exterior building components such as windows.

In response to the recent rise in enrollment and the corresponding pressure on the Honors College to accept more of the State’s best and brightest students, the University has emptied whole floors of the building to accommodate the Honors College’s space needs. Comprised of 23,350 GSF and built in 1939, the building is a primary-ranked historic resource and a major component of the historic campus. The building’s major systems have been essentially untouched since its construction and, as a result, it is rated as in “poor condition” in a recent campus survey, with 21% of its value in need of replacement or repair. In addition, the building’s ground floor does not connect to its upper floors except by way of a rear fire stair. Many building users choose to exit the first floor and walk around to the front of the building to access the upper floors. The building is heavily used not only by the Honors College’s 700 students but also by the 360 students who daily use the general university classrooms.
As stewards of a State of Oregon architectural historic treasure (Chapman Hall is eligible for entry on the National Register of Historic Places) and in response to the burgeoning needs of the outstanding Clark Honors College, the University has an urgent need to act as soon as possible.

The project will replace most of the building’s systems including windows, heating and ventilating systems, electrical systems, and plumbing systems. The need for seismic remediation will be addressed, as well as a complete remodel of the general university classrooms in the building. The work also will address access for disabled students and staff, safety, energy efficiency, and functional issues resulting in an efficient, safe, and welcoming structure for the University's highest achieving scholars. The cost is estimated to be $9.5 million. The sources of funds would be $2.5 million in Article G-bonds, $4.5 million in state repaid Article XI-Q bonds, and $2.5 million in gift and other funds.

WESTERN OREGON UNIVERSITY

COLLEGE OF EDUCATION SUPPLEMENTAL FUNDING

Western Oregon University is authorized to build a new College of Education facility during the 2013-2015 biennium. Current approved funding consists of $1.4 million Article XI-G bonds, $15.8 million state-paid Article XI-Q bonds, and $1.4 million in “other funds” – raised through philanthropy.

This new facility is essential to Oregon meeting its 40-40-20 goals, as enrollment in the education majors accounts for approximately 30% of Western’s total enrollment and enrollment in Special Education majors has grown 25% since 2008. The project will provide effective learning opportunities including dedicated facilities for STEM education and to the unique communication, rehabilitation, and educational needs of deaf and hard-of-hearing children and adults, including disabled combat veterans, commonly served in our Rehabilitation Counseling Education programs.

This building also allows Western to address $4.3 million in life/safety, seismic, and ADA issues in the existing College of Education building, and is the first capital project in Oregon receiving Governor’s recognition under Executive Order 12-16 to promote wood products as a green building material and encourages innovative uses of wood products.

“Western’s new education building is exactly the kind of project this executive order was intended to encourage” – John A. Kitzhaber, MD - Governor's 12/13/13 press release. (See exhibit)

Due to extreme uncertainties surrounding future governance of higher education in Oregon, potential donors have not committed to Western Oregon University and it is unlikely that the
required $1.4 million in other funds will be raised to begin this project consistent with the timing of bond issuance in spring 2015.

WOU is requesting existing authorization for $1.4 million in XI-G bonds and associated $1.4 million matching “other funds” be converted to $2.8 million state-paid Article XI-Q bonds, which will allow for immediate commencement of the project.

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**NEWS RELEASE**

December 13, 2013

**Media Contact:**
Amy Wojceicki, Office of Governor Kitzhaber, 503-680-5324
John Tokarczyk, Oregon Department of Forestry, 541-231-3955

**Governor Kitzhaber Highlights Innovative Use of Wood Products in Western Oregon University Demonstration Project**

Designates New College of Education Building Under Executive Order 12-16

(Salem, OR) — Today, Governor Kitzhaber designated Western Oregon University’s new College of Education building as a demonstration project under Executive Order 12-16. Signed on October 8, 2012, the Executive Order directed the Oregon Department of Administrative Services to identify at least two non-residential, state capital construction projects that feature wood products in design and construction. Projects under Executive Order 12-16 are intended to showcase the role of wood products in high-performance buildings while supporting the use of Oregon wood and wood products in non-residential structures.

“Western’s new Education building is exactly the kind of project this Executive Order was intended to encourage,” said Governor Kitzhaber. “By increasing the market for products from sustainably managed forests in Oregon, we strengthen our economy and support long-term environmental health.”

As proposed, Western Oregon University’s new College of Education will feature Oregon wood products in both traditional and innovative applications. Demonstration project criteria included innovative and creative application of wood within building elements and the use of locally harvested wood and wood products. Innovative products, like wood-based fiber insulation and cross-laminated timber, are cost-competitive elements that enhance environmental performance and structural integrity.

The project is the first of its kind designated under Executive Order 12-16 and will serve as a model for additional projects seeking similar designation.

`Executive Order 12-16`
OREGON MILITARY ACADEMIC BUILDING ACQUISITION – PHASE 1

In 1991, WOU entered into a lease agreement with the Oregon Military Department for 10 acres on the northeast corner of campus on which the Oregon Military Department has constructed a 65,000 SF training facility known as the Oregon Military Academy (OMA). This facility contains significant class room space on the first floor with sleeping and living quarters on the second floor.

The Oregon Military Department has indicated a desire to vacate the OMA facility and has provided WOU with an initial appraisal of $8.1 million. While Oregon Military Department is required to seek Fair Market Value for property disposals, a variety of factors may influence the ultimate sales price of a particular property. OMD and WOU are currently engaged in discussions to determine an appropriate value for this parcel which will allow both agencies to meet future goals.

It is WOU’s intent to acquire the building in phase 1, and refine existing instruction and living areas in phase 2 to provide a state of the art live learn facility.

This exchange represents a significant opportunity for the University, the Oregon Military Department, and the State of Oregon. This facility will provide Western with significant instructional space at a relatively low cost, further enabling WOU to fulfill its commitment to the state’s 40-40-20 goal, proceeds of the transfer provides funding for the Oregon Military Department to further its mission of maintaining an autonomous, viable state military force to protect Oregon’s citizenry and support the national military forces when necessary, and the State of Oregon directly benefits by repurposing the existing structure in support of state goals.

WOU is requesting $5.0 to $8.1 million state-paid Article XI-Q bonds for this project.

Campus and Chancellor’s Office staff included: Interim Chancellor Melody Rose and presidents Mary Cullinan (SOU), Mike Gottfredson (UO), Chris Maples (OIT), Ed Ray (OSU), and Mark Weiss (WOU); provosts and vice presidents for finance included: Steve Adkison (EOU), Brad Burda (SOU), Michael Green (CO), Ryan Hagemann (CO), Endi Hartigan (CO), Jan Lewis (CO), Craig Morris (SOU), Sabah Randhawa (OSU), Meg Reeves (OSU), Monica Rimai (PSU), Dave Robinson (OHSU), Marcia Stuart (CO), Charles Triplett (CO), Denise Yunker (CO), and Mary Ann Zemke (OIT). Others present included: Bill McGee (DAS) and Mario Parker-Milligan (OSA).

1. CALL THE MEETING TO ORDER/ROLL CALL/WELCOME
President Donegan called the meeting to order at 9:06 a.m.

2. REPORTS
   a. Interim Chancellor’s Report

Interim Chancellor Rose provided her report. Highlights included the recent legislative approval for the Governor’s “Grand Bargain” in which the System will receive an additional $25 million for the purposes of buying down tuition. The budget note clearly delineates how the appropriation should be applied. Rose noted that the funding is not expected to be recurring and continued conversation with the legislature and the Governor’s Office must occur to ensure that the appropriations continues in future biennia. Within the “Grand Bargain,” changes to PERS cost of living allowances may face litigation.

Dr. Rose also reported that on September 26, 2013, SEIU and OUS reached a tentative agreement on contract negotiations for OUS classified staff. The settlement averts a proposed strike on OUS campuses and contains contingency language pending additional legislative appropriation in February 2014 that affects the technical and regional universities within the system.
b. Committee Action Reports

i. Finance & Administration Committee

In the absence of the chair, Committee member Orcilia Forbes provided the report covering the September 2013 Committee meeting. The Committee approved the purchase of two pieces of land in Bend for the development by OSU-Cascades; adopted a composite financial index to replace the current fund balance metric; and heard testimony from SEIU members who voiced their concerns regarding OUS/SEIU bargaining.

ii. Governance & Policy Committee

In the absence of the chair, Committee member Allyn Ford provided the report covering the September 2013 Committee meeting. The meeting included a discussion of the Committee’s continuing participation in the shared services development; the development of the 2013-14 work plan, and the nomination of Board officers.

iii. Academic Strategies Committee

In the absence of the chair, Committee member Dave Yaden provided an update on the Committee’s deliberations and actions since the June Board meeting. A number of policy and program approvals were passed and highlighted that Academic Strategies, generally, is an area that will be difficult to coordinate as the new institutional boards and HECC are established. Appreciation was expressed for the Diversity Report and the dedicated work of university and Chancellor’s Office staff in detailing the continuing work to reach a diverse population.

iv. OUS 40-40-20 Strategy Progress report

Director Yaden presented an update on the 40-40-20 strategy progress report and a preview of issues that ASC will continue to address through the transition. He noted that the five-year business plan exercise to be completed by the Technical and Regional Universities (TRUs) was modified to include an independent variable concerning degree production targets. This variable emphasizes a bottom-up approach in which the campuses inform the Board of their plans to meet the goals of 40-40-20. Although the business plan exercise is targeted toward the TRUs, input from the remaining three universities is necessary to aggregate the statistics from all seven universities. In the initial achievement compacts with the state concerning 40-40-20, the universities set goals that were predicated on a presumed funding appropriation provided by the legislature; however, decreased funding has an adverse effect on the number of degrees awarded to Oregonians given the increased cost. Recognizing the iterative nature of the process, the Board needs to evaluate the funding gap and discuss how best to address the need. Given the new allocation process being considered by the HECC, the rural and other specific missions of the TRUs need to be addressed through a cost differential that reflects their distinctive contributions.
**NEXT STEPS:** Expand 40-40-20 discussions include research and graduate education, public service, quality of degrees, and link the 40-40-20 plan to the shared responsibility model and affordability.

**v. University Shared Services Work Group**

President Donegan called upon Dr. Ed Ray to provide the update on the current work of the USSWG. Dr. Ray provided information on the proposed Oregon University Shared Services Center (see the [draft proposal](#)). The shared services will be provided by member universities of the OUSSC, and services could then expand to provide services to other entities (e.g., community colleges, independent universities). OSU, PSU, and WOU have expressed interest in hosting shared services. Shared services agreements would be developed on a biennial basis between universities and will include, for example, financial statement compilation and preparation; 5th Site operations; payroll processing, reporting, and depositing; treasury services, internal bank, cash management, investment services, debt management; and employee benefit services, labor relations, and risk management.

**NEXT STEPS:** The vice presidents for finance and administration will determine the most effective levels of authority within the OUSSC without creating an unnecessary bureaucracy; review specific cost estimates of services; and determine which institutions are prepared to opt-in for individual shared services. A final draft report to the Special Legislative Committee is required by December 15, 2013.

**vi. HECC Transition Work Group**

Director Orcilia Forbes advised that the work group’s goal is to facilitate a smooth transition of legislative, and perhaps other, responsibilities as effectively as possible to the Higher Education Coordinating Commission by July 1, 2014. The high priority work areas include the development of: 1) the framework and materials for the areas mentioned in the legislation (e.g., budget and program approvals), 2) a compilation of staff duties to be transferred to the HECC or another entity, and 3) a list of questions to assist in clarifying expectations of the HECC, OSBHE and institutional boards.

**vii. University Governance Work Group**

Chair Donegan updated the Board on the work group process and timeline. The first work group meeting on October 17 will be an opportunity for members and Technical and Regional University (TRU) presidents to provide feedback on the proposed business plan outline. Meetings in November and December are scheduled to monitor progress on the business plan development and provide feedback throughout the process. The TRUs will present their complete business plans and recommendations to the work group in February, with a full Board presentation anticipated at the April 2014 Board meeting. Following the Board presentation, the work group will submit a report to the Legislative Special Committee on University Governance and Operations. Concern was expressed that an April 2014 presentation
accelerates the legislative window of March 1, 2014 through June 1, 2015 for TRU institutions to request an institutional governing board and may limit a comprehensive, thoughtful decision process.

c. Interinstitutional Faculty Senate (IFS) President

No report was provided.

d. Oregon Student Association (OSA) Chair

President Donegan called on Eric Noll, chair of the OSA and student at Portland State. (OSA’s full report is on file in the Board’s Office). He reported that the OSA recently met with representatives of the Oregon Community College Student Association to develop a student survey to determine a final list of five to six platform efforts for the next legislative session. Mr. Noll emphasized that students are experiencing continuing financial strain while tuition increases and financial aid resources become increasingly scarce. While students are seeking to increase the amount of shared governance on campuses, they have expressed concerns related to the new governance structure. Students will be working to establish relationships with the new governing boards and statewide entities.

3. Action Items
   a. The 2013-2015 Legislatively Adopted Budget and the Proposed Fiscal Year 2013-14 Operating Budget Allocations

Assistant Vice Chancellor for Budget Jan Lewis provided background and the proposed 2013-14 campus budget allocations. She noted that, with the mid-biennium enactment of significant university governance changes, only 2013-14 allocations were proposed, with the understanding that the Higher Education Coordinating Commission (HECC) will assume responsibility for further budget allocation processes.

Of note, due to the passage of two legislative bills, two targeted reductions affect the OUS budget: 1) $2.3 million in recognition of responsibilities shifting from OUS to the HECC and 2) Sports Lottery was capped in total, with two caps specifically targeted to OSU and the UO. However, of a positive note, the first tuition buy-down was approved and $15 million appropriated as such, resulting in a reduction to proposed tuition increases to an average 3.5% for resident undergraduates. Although the budget was increased for the $15 million buy-down, in actuality, this resulted in a shift of funding rather than an increase. For FY 2014, $3.37 million was set aside for incentive funding. Overall, the total funding increased from 10.2% to 13.8% over the prior biennium.

Several targeted funds that were initially created by the OUS were moved and funded through other state agencies; such as the Oregon Research Collaboratory, funded through the Business Oregon, and the Eastern Promise, funded through the Oregon Department of Education.
ACTION: Following a brief discussion, President Donegan called for a motion to endorse the recommendations put forth by the Academic Strategies and Finance & Administration Committees as reflected on page 35 in the docket materials, with the understanding that the Interim Chancellor or designee are authorized to make minor adjustments as needed. Directors Orcilia Forbes and David Yaden made the motion and second, respectively. Motion carried.

With the adjournment of the Special Legislative Session and the passage of the revised budget, a special meeting of the Board will be convened in the near future to approve the adjusted tuition rates.

b. Adoption of Plan Document: Oregon University System 401(a) Defined Contribution Plan

Chief Human Resources Officer Denise Yunker explained that the OUS 401(a) Defined Contribution Plan is to be submitted to the Internal Revenue Service (IRS) on or before December 31, 2013 and that OUS must request a determination letter every five years that states the Plan conforms to Internal Revenue Code, a process that allows OUS to ensure the Plan is qualified to provide tax-favored treatment of contributions made on the behalf of plan participants. Although the Plan operates in conjunction with the Public Employees Retirement System, the restatement addresses only the annuity portion of the plan and does not change the employee benefits or participation in PERS. As the Plan is required to be updated through a restatement for compliance with requirements of the IRS, it must be adopted and signed on behalf of the Board prior to submittal to the IRS.

ACTION: President Donegan called for a motion to adopt the restated OUS 401(a) Defined Contribution Plan as reflected in the docket materials. Directors Orcilia Forbes and David Yaden made the motion and second, respectively. Motion carried.

c. Adoption of Plan Document: Oregon University System 403(b) Defined Contribution Plan

Ms. Yunker indicated that, as with the IRS 401(a) successor, the plan document is also required for compliance with requirements of the IRS, and must be adopted and signed on behalf of the Board prior to submittal to the IRS.

ACTION: President Donegan called for a motion to adopt the restated OUS 403(b) Defined Contribution Plan as reflected in the docket materials. Directors David Yaden and Orcilia Forbes made the motion and second, respectively. Motion carried.
4. **CONSENT ITEMS**
   a. Adoption of Optional Retirement Plan Ninth Amendment
   b. OUS, Credit for Prior Learning Policy
   c. Approval of Minutes (June 20-21, July 12, 19, August 2)

   **ACTION:** With no comments extended on the items, President Donegan called for a motion to approve the consent agenda; Directors Forbes and Yaden made the motion and second, respectively. Motion carried.

5. **PUBLIC INPUT**
   No public input was put forth.

6. **BOARD COMMENTS**
   No comments were provided.

7. **ADJOURNMENT**
   With no further business proposed, President Donegan adjourned the meeting at
Board members present included President Donegan and Directors Lynda Ciuffetti, Jill Eiland, Orcilia Forbes, Jim Francesconi, Farbodd Ganjifard, Paul Kelly, Brittany Kenison, Jim Middleton, Emily Plec, Kirk Schueler, and David Yaden. Director Allyn Ford was absent due to a business commitment.

Chancellor’s Office staff included Interim Chancellor Melody Rose, Ryan Hagemann, Jay Kenton, and Charles Triplett. Campus representatives present included Presidents Mary Cullinan (SOU), Bob Davies (EOU), Mike Gottfredson (UO), Chris Maples (Oregon Tech), Ed Ray (OSU), Mark Weiss (WOU), and Wim Wiewel (PSU).

Minutes

1. **CALL THE MEETING TO ORDER/ROLL CALL/WELCOME**

   President Donegan called the meeting to order at 11:10 a.m. and asked the secretary to take the roll.

2. **ACTION ITEMS**


      Assistant Vice Chancellor Jan Lewis presented the revised tuition rates and advised that the tuition buy-down allocation is not expected to be recurring funding.

      **ACTION:** President Donegan called for a motion to approve the revised tuition rates in Table 1 of the docket materials. Directors Farbodd Ganjifard and Brittany Kenison made the motion and second, respectively. Motion carried.

   b. **OUS, Presidential Employment**

      Interim Chancellor Melody Rose advised that University of Oregon President Michael Gottfredson’s initial term of employment was from August 1, 2012 through June 30, 2015. The president’s contract states that following a satisfactory performance evaluation, the Chancellor will recommend a one-year extension of the term to the Board for action at its next meeting.

      **ACTION:** President Donegan called for a motion to approve Interim Chancellor Rose’s recommendation to extend the employment agreement of President Michael
Gottfredson through June 30, 2016, per the terms of his employment agreement, and authorize the Interim Chancellor to negotiate and execute a contract amendment consistent with the Board's action. Directors Orcilia Forbes and Brittany Kenison made the motion and second, respectively. Motion carried.

c. OUS, Amendment of Oregon Administrative Rule 580-021-0030, Vacations

General Counsel Ryan Hagemann provided background. As a way to incentivize Chancellor’s Office employees work through the transition in June 30, 2013 and avoid a large number of staff taking 80 hours at the end of service, staff recommends amending the vacation payout schedule to the full amount of accrued vacation or 260 hours. Mr. Hagemann advised that the Governance and Policy Committee reviewed and endorsed the proposed amendment at their November 15th meeting.

**ACTION:** President Donegan called for a motion to approve the proposed amendments as recommended by the G&P Committee, to be filed as a temporary rule with permanent rulemaking to follow. Directors Farbod Ganjifard and Brittany Kenison made the motion and second, respectively. Motion carried.

3. ADJOURNMENT

With no further business proposed, the meeting was adjourned at 12:00 p.m.