AGENDA

1. CALL TO ORDER/ROLL CALL/WELCOME

2. ACTION ITEMS
   a. OUS, 2013 Annual Financial Report (Barkelew) ................................................................. 1
      To request Committee acceptance of 2013 Annual Financial Report submitted by
      CliftonLarsonAllen, LLP.
   b. New Capital Projects for Consideration in the February 2014 Legislative Session
      (Lewis) ..................................................................................................................................... 23
      Six universities have come forward with project requests for which they would like
      to seek authorization in the February 2014 Legislative session.

3. REPORT ITEMS
   a. Review of Legislative Agenda (Lewis)
   
   b. Transition Progress Report (Lewis)

4. ADJOURNMENT
OUS, 2013 Annual Financial Report

SUMMARY
The report titled Oregon University System 2013 Annual Financial Report (see http://www.ous.edu/dept/cont-div/accounting-reporting/annualfinreport) was prepared by the Chancellor’s Office and the financial statements included within were audited by CliftonLarsonAllen, LLP, under contract to the Secretary of State, Audits Division. The audit opinion issued by CliftonLarsonAllen, LLP, is an unqualified opinion, which means that their opinion as to the fair presentation of the financial statements was issued without qualification.

Appendix A: As part of the financial statement audit, CliftonLarsonAllen, LLP, is required by Statement on Auditing Standards 114 (SAS 114) to communicate certain matters related to the conduct of the audit to those who have responsibility for oversight of the financial reporting process.

Appendix B: In conjunction with the audit, CliftonLarsonAllen, LLP, has issued a letter to OUS Management communicating observations and recommendations relating to OUS internal controls, as required by Statement on Auditing Standards 115 (SAS 115). There is one observation included in the SAS 115 letter for classification of Notes Receivable versus Accounts Receivable. Management’s response to the observation is included in the letter. The observation made by CliftonLarsonAllen, LLP, does not represent a significant deficiency or a material weakness in the design or operation of internal control for 2013.

Appendix C: As part of the financial statement audit, CliftonLarsonAllen, LLP, is required to report on internal controls over financial reporting in accordance with Government Auditing Standards. The Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (GAGAS Report), is included under separate cover from the 2013 Annual Financial Report. The Schedule of Findings and Responses section of this report includes a significant deficiency in the design or operation of internal control for 2013. During audit test work over construction in progress, several instances were noted in which projects were completed prior to year-end but were not moved from construction in progress to completed projects. Management’s response and planned corrective actions are included in the report; management concurs with the recommendation and recognizes the importance of the timely transfer of construction in progress to a depreciable category upon substantial completion of projects. A review of internal controls was completed by university business offices and process revisions were made as necessary.

STAFF RECOMMENDATION TO THE COMMITTEE
Subject to the report of CliftonLarsonAllen, LLP, staff recommends that the Finance and Administration Committee of the Board accept the Oregon University System 2013 Annual Financial Report.

(Committee action required.)
(This page intentionally left blank.)
Members of the State Board of Higher Education

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Oregon University System (the System) as of and for the year ended June 30, 2013, and have issued our report thereon dated December 16, 2013. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

**Significant audit findings**

**Qualitative aspects of accounting practices**

**Accounting policies**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the System are described in Note 1 to the financial statements.


As discussed in Note 8(K) and Note 9, beginning net position as of July 1, 2011, was restated to record the impact of the Oregon Public Employee Retirement System (PERS) pre-State and Local Government Rate Pool (SLGRP) liability. Beginning net position was reduced by $103 million to record the System’s share of this liability.

As discussed in Note 19, net assets of the component units were restated to remove one Foundation from the reporting entity (as the Foundation was not considered significant under applicable standards) and to correct other adjustments noted by other auditors.

We noted one transaction entered into by the entity during the year for which there is a lack of authoritative guidance or consensus on treatment. Generally, in practice, receivables due from related foundations recorded by universities match the respective payables recorded by the foundations, unless there is a timing difference. As of June 30, 2013, the University of Oregon (the University) recorded a receivable for $7,236,214 in which no payable was recorded by the University of Oregon Foundation (the Foundation).
The receivable recorded by the University represents a signed agreement between the University and the Foundation for the Foundation to fund a certain amount towards deferred compensation agreements. The Foundation received donations for this purpose, and the monies held for this purpose are currently recorded as temporarily restricted net assets by the Foundation, not as a payable to the University.

In practice, gifts held by the Foundation to be used for the benefit of the University are not recorded as a revenue/receivable by the University and an expense/payable by the Foundation until the gift has been requested by the University. Because the University had not yet requested the funds as of June 30, 2013, the Foundation did not record a payable to the University in accordance with this generally accepted accounting practice. Yet, because there was a signed agreement with the Foundation that met the requirements for revenue recognition in accordance with GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the University did record a receivable from the Foundation. As a result, the University is reporting a receivable from the Foundation for an amount in which the Foundation is not reporting a respective payable, but the funds are being held in Temporarily Restricted Net Assets for this purpose.

All significant transactions have been recognized in the financial statements in the proper period.

**Accounting estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management’s estimate of the allowance for uncollectible receivables is based on historical collection rates at a campus level.
- Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from five to 50 years.
- Other postemployment benefit expense is calculated based on the annual required contribution of the University and the unfunded actuarial accrued liability as determined by an actuarial estimate.
- Compensated absences and related personnel expenses are recognized based on estimated balances due to employees for vacation and sick leave. The limitations on such payments are defined by the rules associated with the personnel systems at the System.
- Ownership percentages of the inter-institutional Collaborative Life Sciences building were determined based upon the initial estimates in the Tenancy in Common Agreement. Ownership is divided amongst the System and the Oregon Health and Science University, an institution not belonging to the System. The ownership percentage estimates could change based upon final construction audits.
- Summer session tuition unearned revenue is the estimate of the number of days of summer courses that were incurred subsequent to fiscal year-end, but for which tuition was charged and collected prior to fiscal year-end.
• Oregon Public Employees Retirement System (PERS) plan liability is recognized based on estimated actuarial accrued liability determined by PERS. The System is allocated a percentage of this liability determined by PERS.

• The System recognizes a liability for the Oregon University System Risk Management Fund based on an actuarial valuation of outstanding claims at year-end, as well as an estimate of incurred but not reported claims.

We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures
Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. See Note 8(K) and Note 9 regarding the restatement of the financial statements to record the PERS pre-SLGRP liability.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements
Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes an uncorrected misstatement of the financial statements. Management has determined that its effect is immaterial to the financial statements taken as a whole.

Corrected misstatements
The attached schedule summarizes material misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors’ report. No such disagreements arose during our audit.

Management representations
We have requested certain representations from management that are included in the attached management representation letter dated December 16, 2013.

Management consultations with other independent accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the entity’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.
Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

We have provided separate letters to you dated December 16, 2013, communicating internal control related matters identified during the audit.

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Quality of component auditor’s work

There were no instances in which our evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor’s work.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the supplementary schedules accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 16, 2013.

The Message from the Chancellor accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.
This communication is intended solely for the information and use of the State Board of Higher Education and management of the System, and is not intended to be, and should not be, used by anyone other than these specified parties.

Clifton Larson Allen LLP
Greenwood Village, Colorado
December 16, 2013
Oregon University System
Corrected Audit Adjustments
For the Year Ended June 30, 2013

<table>
<thead>
<tr>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusting Journal Entries JE #1</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To reclassify items from construction in progress which were noted as</td>
<td></td>
<td></td>
</tr>
<tr>
<td>completed projects as of year end. To record the applicable depreciation on</td>
<td></td>
<td></td>
</tr>
<tr>
<td>those assets.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>$ -</td>
<td>$ 23,364,537</td>
</tr>
<tr>
<td>Fixed Assets - Buildings</td>
<td>23,215,912</td>
<td>-</td>
</tr>
<tr>
<td>Fixed Assets - Infrastructure</td>
<td>148,625</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>1,304,955</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>-</td>
<td>1,304,955</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 24,669,492</td>
<td>$ 24,669,492</td>
</tr>
</tbody>
</table>

| **Adjusting Journal Entries JE #2**                                         |             |              |
| To remove accounts receivable from the SELP elimination entry.              |             |              |
| Current Accounts Receivable                                                 | $ -         | $ 3,533,571  |
| Other Nonoperating Items                                                   | 3,533,571   | -            |
| **Total**                                                                  | $ 3,533,571 | $ 3,533,571  |

| **Adjusting Journal Entries JE #3**                                         |             |              |
| To net bad debt expense against tuition revenue per GASB guidance.          |             |              |
| Student Tuition and Fees                                                   | $ 24,405,116| -            |
| Auxiliary Enterprises revenues                                              | 2,234,937   | -            |
| Operating Expenses                                                         | -           | 26,640,053   |
| **Total**                                                                  | $ 26,640,053| $ 26,640,053 |

| **Adjusting Journal Entries JE #4**                                         |             |              |
| To remove accounts receivable from PSU foundation for a transaction which    |             |              |
| should not have been recorded as a receivable as of June 30, 2013.           |             |              |
| Current Notes Receivable                                                   | $ -         | $ 1,608,601  |
| Noncurrent Notes Receivable                                                | -           | 5,634,588    |
| Operating Revenue                                                          | 7,243,189   | -            |
| **Total**                                                                  | $ 7,243,189 | $ 7,243,189  |

| **Adjusting Journal Entries JE #5**                                         |             |              |
| To reclassify amounts moved from unearned revenue to deposits payable.       |             |              |
| Unearned Revenue                                                           | $ -         | $ 6,698,390  |
| Deposits Payable                                                           | 6,698,390   | -            |
| **Total**                                                                  | $ 6,698,390 | $ 6,698,390  |
Oregon University System  
Passed Audit Adjustment  
For the Year Ended June 30, 2013

<table>
<thead>
<tr>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passed Journal Entry JE # 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To eliminate accounts receivable recorded in error for loan proceeds in fiscal year 2012.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Net Position</td>
<td>$ 2,729,062</td>
<td>$ -</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>-</td>
<td>2,729,062</td>
</tr>
<tr>
<td>Total</td>
<td>$ 2,729,062</td>
<td>$ 2,729,062</td>
</tr>
</tbody>
</table>

| Passed Journal Entry JE # 2                                               |             |        |
| To correct error in accounting for OSHU’s portion of Collaborative Life Science Building in prior year. |             |        |
| Beginning Net Position                                                    | $ -         | $ 7,522,829 |
| Nonoperating Revenues                                                     | 7,522,829   | -      |
| Total                                                                      | $ 7,522,829 | $ 7,522,829 |

**Cumulative Impact:**  
- Assets (Overstated) Understated: $ -  
- Liabilities Overstated (Understated): -  
- Beginning Net Assets Overstated (Understated): (4,793,767)  
- Support and Revenue Overstated (Understated): 7,522,829  
- Expenses (Overstated) Understated: (2,729,062)  
- Changes in Net Assets Overstated (Understated): $ 4,793,767
This representation letter is provided in connection with your audits of the financial statements of Oregon University System (the System), which comprise the respective financial position of the business-type activities and the aggregate discretely presented component units, each as of June 30, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of December 16, 2013, the following representations made to you during your audit of the financial statements as of and for the year ended June 30, 2013.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 2, 2013, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

- We acknowledge and have fulfilled our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions used in making those estimates, and we believe the estimates (including those measured at fair value) and the significant assumptions used in making those accounting estimates are reasonable.

- Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.

- Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
All events occurring subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter. In addition, you have proposed adjusting journal entries that have been posted to the System’s accounts. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustments and accept responsibility for them.

The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.

Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements.

The fact that the amount of “uncollateralized” deposits or “uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the entity’s name” during the period significantly exceeded the amounts in those categories as of the financial statement date was properly disclosed in the financial statements.

Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.

The methods and significant assumptions used to determine fair value of instruments are appropriate for financial statement measurement and disclosure purposes.

We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded, applicable.

We believe that all material expenditures that have been deferred to future periods will be recoverable.

We believe that the actuarial assumptions and methods used to measure other postemployment benefits (OPEB) liabilities and costs for financial accounting purposes are appropriate in the circumstances.
• We are not aware of future frequent amendments to our pension or other postretirement benefit plans.

• We agree with the findings of specialists (actuary) in evaluating the incurred but not reported claim liability and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

• We believe the prior period adjustment for PERS is correct and has been appropriately reported in the financial statements. We believe that the actuarial assumptions and methods used to measure this liability for financial accounting purposes are appropriate in the circumstances.

• We believe we have appropriately reported and disclosed the effect of the implementation of GASB 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”.

Information Provided
• We have provided you with:
  o Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
  o Additional information that you have requested from us for the purpose of the audit.
  o Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  o Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
  o All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with, or deficiencies in, financial reporting practices.
  o All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with the provisions of laws, regulations, contracts, and grant agreements.
  o Access to all audit or relevant monitoring reports, if any, received from funding sources.

• All material transactions have been recorded in the accounting records and are reflected in the financial statements.

• We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
• Except as disclosed to you, we have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  o Management;
  o Employees who have significant roles in internal control; or
  o Others when the fraud could have a material effect on the financial statements.

• We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others; except as previously disclosed to you by the OUS Internal Audit Director.

• We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or abuse whose effects should be considered when preparing financial statements.

• We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

• There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.

• We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

• The System has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.

• We have taken timely and appropriate steps to remedy fraud, violations of laws, regulations, contracts, or grant agreements, or abuse that you have reported to us.

• We have a process to track the status of audit findings and recommendations.

• We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

• We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

• We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the System, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds/accounts.
- There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

- The System has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.

- We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

- We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

- The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations, as applicable.

- The financial statements properly classify all activities.

- Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

- Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

- Provisions for uncollectible receivables have been properly eliminated.

- Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

- Interfund, internal, and intra-entity activity and balances have been appropriately eliminated.

- Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.

- Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

- We have appropriately disclosed the entity’s policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

- We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and
presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

- We acknowledge our responsibility for presenting the supplementary schedules (the consolidating statement of net position, consolidating statement of revenues, expenses, and changes in net position, consolidating statement of cash flows) in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors’ report thereon.

- We agree with the findings of specialists in evaluating claims liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amount derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

- The System has not been notified by the U.S. Department of Education of the loss of eligibility for one or all of the Title IV programs due to high default rates.

- The System has reported to the U.S. Department of Education for investigations all known criminal misconduct involving Title IV funds by any student, employee, third-party servicer, or other agent of the institution involved in the administration of the System’s Title IV programs.

- The System or its employees have not received any direct or indirect benefits from lenders related to the System’s Title IV loan programs.

____________________________________
Dr. Melody Rose
Interim Chancellor

____________________________________
Dr. Jay D. Kenton
Vice Chancellor for Finance and Administration

____________________________________
Michael J. Green
Associate Vice Chancellor for Finance and Administration and Controller

____________________________________
Diana Barkelew
Director of Accounting and Reporting
Oregon Board of Higher Education
Oregon University System

In planning and performing our audit of the financial statements of The Oregon University System (the System) as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, we considered the System’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System’s internal control. Accordingly, we do not express an opinion on the effectiveness of the System’s internal control.

However, during our audit, we became aware of a deficiency in internal control other than significant deficiencies and material weaknesses that is an opportunity to strengthen your internal control structure. Our comment and suggestion regarding the matter is summarized below.

**Classification of Notes Receivable versus Accounts Receivable**

As part of our audit procedures, we considered the risk of financial reporting fraud through the manipulation of estimates in the financial statements, such as depreciation, amortization, and allowance of doubtful accounts. As such, during our testing of the Accounts Receivable Allowance for Doubtful Accounts (the allowance), we tested to ensure the methodology of determining the allowance was applied to all applicable accounts. In order to test this, we reviewed amounts due from students that were classified as Notes Receivable versus Accounts Receivable to determine if any had been misclassified. Such misclassification would cause the allowance to be understated and notes receivable to be overstated.

During this testing at Southern Oregon University, we noted four instances out of five tested in which accounts were improperly recorded as Notes Receivable versus Accounts Receivable. As a result, the portion of these accounts which was over five years outstanding was not subject to the Accounts Receivable Allowance determination and this university’s allowance was understated by approximately $21,000. This amount is only the known error. In total, the University transferred approximately $1,700,000 from Accounts Receivable to Notes Receivable during the year and the applicable portion of this transfer which was over five years outstanding was approximately $300,000; so it is possible the error could be larger.

We recommend the System continue to educate the Universities on the importance of the accuracy of management’s estimates in the financial statements. In addition, Universities should ensure transfers from Accounts Receivable to Notes Receivable are evidenced by a signed agreement and such transfers should be approved by someone separate than the person proposing the transfer.
Management’s Response

Management concurs with the recommendation. Management will continue to educate the Universities on the importance of the accuracy of management’s estimates in the financial statements. Management prepares and delivers annual training for each University prior to closing of the books. An additional section will be added to the annual training materials which emphasizes the importance of various accounting estimates and the importance of the approval process for accounting estimates.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various College personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, Finance Committee, the Board of Higher Education, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 16, 2013
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Oregon State Board of Higher Education
Eugene, Oregon

Oregon Secretary of State Audits Division
Salem, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of Oregon University System (System), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the System’s basic financial statements, and have issued our report thereon dated December 16, 2013. Our report includes a reference to other auditors who audited the financial statements of discretely presented component units, as described in our report on the System’s financial statements. The financial statements of the discretely presented component units were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System’s internal control. Accordingly, we do not express an opinion on the effectiveness of the System’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not
been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as 2013-001, which we consider to be a significant deficiency.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Oregon University System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Oregon University System’s Response to Finding
Oregon University System’s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Oregon University System’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 16, 2013
2013-001 Transfer of completed projects from construction in progress to a depreciable category

Significant Deficiency

Criteria:
While large construction projects are underway, costs associated with the projects are accounted for as “construction in progress” and not depreciated. Once the project is substantially complete and placed into service, the asset should be transferred to a depreciable category and depreciation expense should be recognized annually.

Condition:
During test work over construction in progress, we noted several instances in which projects were completed prior to year-end; yet, the balance remained in construction in progress and were not being depreciated. Specifically, we noted two of four projects tested for Portland State University (PSU) and one of four projects tested for Oregon State University (OSU) that were improperly classified as construction in process. Upon our request, Portland State University reviewed the remainder of projects in construction in process and noted an additional six projects improperly included in construction in progress. In summary, as a result of our audit procedures, we noted a total of nine projects which had been completed as far back as 2009 which were still in construction in progress and not being properly depreciated.

Cause:
The Business Offices of certain universities of the System generally rely on the project managers to inform them when projects are completed. Project managers may not have a good understanding of when a project is deemed completed for accounting purposes. Currently, Business Office processes to review construction in progress balances are not sufficient to identify all completed projects.

Effect:
An audit adjustment was posted to the System's financial statements to transfer completed projects totaling $23.4 million from construction in progress to a depreciable category of capital assets. Additionally, the audit adjustment recorded related depreciation expense of $1.3 million, some of which related to prior periods.

Recommendation:
We recommend the Business Offices of the various universities review controls surrounding the timely transfer of construction in progress to a depreciable category upon substantial completion. Such controls should include a periodic review (quarterly or biannually) by the Business Office of projects within construction in progress to determine if any of those projects should be transferred from construction in progress to a depreciable asset so that depreciation can begin timely for the project.
Views of responsible officials and planned corrective actions:
Management concurs with the recommendation and recognizes the importance of the timely transfer of construction in progress to a depreciable category upon substantial completion. Both Portland State University and Oregon State University Business Offices have reviewed their current controls for capitalizing projects. As a result of those reviews, process revisions were made as necessary. Process revisions include, but are not limited to, regular meetings between Facilities and Business Office staff and forwarding of Certificates of Substantial Completion to the Business Office. We anticipate process revisions will be implemented prior to June 30, 2014.

Contact:
Diana Barkelew, Interim Controller
(541) 737-4361
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. On January 10th, the Board delegated to the Finance and Administration Committee the authority to approve those capital projects and any related prioritizations to be formally submitted to the Ways and Means Committee for consideration during the February 2014 Legislative Session.

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.

Because the legislature will be meeting January 15th through January 17th, additional legislative direction may become available to the Committee prior to considering the projects and any prioritization. Staff will provide specific recommendations to the Committee at the January 17th meeting. Committee action will be 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>XI-G Bonds</th>
<th>XI-Q Bonds</th>
<th>XI-M Bonds</th>
<th>SELP</th>
<th>Subtotal State-Paid</th>
<th>SELP</th>
<th>Campus Match</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eastern Oregon University</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>no requests</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total EOU</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Oregon Institute of Technology</strong></td>
<td>1,101,100</td>
<td>1,101,100</td>
<td>1,101,100</td>
<td></td>
<td>1,101,100</td>
<td>1,101,100</td>
<td>1,101,100</td>
<td></td>
</tr>
<tr>
<td>1) Utility Tunnel Failure and Repair</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2) Klamath Falls Campus Fire Life Safety System Replacement</td>
<td>2,337,360</td>
<td>2,337,360</td>
<td>2,337,360</td>
<td></td>
<td>2,337,360</td>
<td>2,337,360</td>
<td>2,337,360</td>
<td></td>
</tr>
<tr>
<td>Total OIT</td>
<td>-</td>
<td>3,438,460</td>
<td>-</td>
<td>-</td>
<td>3,438,460</td>
<td>-</td>
<td>-</td>
<td>3,438,460</td>
</tr>
<tr>
<td><strong>Oregon State University</strong></td>
<td>3,850,000</td>
<td>10,000,000</td>
<td>3,850,000</td>
<td>7,700,000</td>
<td>17,700,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Campus Accessibility (ADA) Improvements</td>
<td></td>
<td>10,000,000</td>
<td>10,000,000</td>
<td>10,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2) Cascades Academic Building (match likely revenue bonds)</td>
<td>3,850,000</td>
<td>-</td>
<td>3,850,000</td>
<td>3,850,000</td>
<td>7,700,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total OSU</td>
<td>3,850,000</td>
<td>10,000,000</td>
<td>-</td>
<td>-</td>
<td>13,850,000</td>
<td>-</td>
<td>3,850,000</td>
<td>17,700,000</td>
</tr>
<tr>
<td><strong>Portland State University</strong></td>
<td>3,000,000</td>
<td>14,000,000</td>
<td>17,000,000</td>
<td>3,000,000</td>
<td>20,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Graduate School of Education - Renovation and Expansion</td>
<td></td>
<td>14,000,000</td>
<td>17,000,000</td>
<td>3,000,000</td>
<td>20,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total PSU</td>
<td>3,000,000</td>
<td>14,000,000</td>
<td>-</td>
<td>-</td>
<td>17,000,000</td>
<td>-</td>
<td>3,000,000</td>
<td>20,000,000</td>
</tr>
<tr>
<td><strong>Southern Oregon University</strong></td>
<td>19,000,000</td>
<td>2,000,000</td>
<td>300,000</td>
<td>21,300,000</td>
<td>575,000</td>
<td>21,875,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) McNeal Hall Seismic/Deferred Maintenance Upgrade*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<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>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total SOU</td>
<td>19,000,000</td>
<td>2,000,000</td>
<td>300,000</td>
<td>21,300,000</td>
<td>575,000</td>
<td>-</td>
<td>21,875,000</td>
<td></td>
</tr>
<tr>
<td><strong>System-wide</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>no requests</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total System-wide</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>University of Oregon</strong></td>
<td>2,100,000</td>
<td>2,100,000</td>
<td>2,100,000</td>
<td></td>
<td>2,100,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Utility Tunnel Failure and Repair</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2) Chapman Hall</td>
<td>2,500,000</td>
<td>4,500,000</td>
<td>7,000,000</td>
<td>2,500,000</td>
<td>9,500,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total UO</td>
<td>2,500,000</td>
<td>6,600,000</td>
<td>-</td>
<td>-</td>
<td>9,100,000</td>
<td>-</td>
<td>2,500,000</td>
<td>11,600,000</td>
</tr>
<tr>
<td><strong>Western Oregon University</strong></td>
<td>(1,400,000)</td>
<td>2,800,000</td>
<td>1,400,000</td>
<td>(1,400,000)</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>*includes requested conversion of previously approved XI-G bonds to XI-Q bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2) Oregon Military Academic Building Acquisition Phase 1**</td>
<td>8,100,000</td>
<td>8,100,000</td>
<td>8,100,000</td>
<td></td>
<td>8,100,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>**request is currently a range of $5M - $8.1M depending upon purchase negotiations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total WOU</td>
<td>(1,400,000)</td>
<td>10,900,000</td>
<td>-</td>
<td>-</td>
<td>9,500,000</td>
<td>-</td>
<td>(1,400,000)</td>
<td>8,100,000</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>7,950,000</td>
<td>63,938,460</td>
<td>2,000,000</td>
<td>300,000</td>
<td>74,188,460</td>
<td>575,000</td>
<td>7,950,000</td>
<td>82,713,460</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**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</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>
</tr>
</tbody>
</table>

**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>
<thead>
<tr>
<th>FIRE LIFE SAFETY SYSTEM REPLACEMENT COST ESTIMATE 11-7-13</th>
</tr>
</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><strong>Total</strong></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.

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.
SOUTHERN OREGON UNIVERSITY

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 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.

**NEWS RELEASE**

December 13, 2013

Media Contact:
Amy Wojcicki, Office of Governor Kitzhaber, 503-689-5324
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.