CALL TO ORDER

ROLL CALL

APPROVAL OF MINUTES

> March 15, 2002, Executive Committee meeting

ACTION ITEM

> Purchase of Property - Ione Plaza (PSU)

> Naming of Building at OSU, Recommendation from the Chancellor

> Amendments to OAR 580-022-0030 Staff Fee Privileges and OAR 580-022-0031 Transfer of Staff Fee Privileges

ADJOURNMENT
PSU
PURCHASE OF
PROPERTY -
IONE PLAZA

Project Description:
PSU proposes to purchase from the University of Oregon Foundation an apartment/retail facility (a.k.a. Ione Plaza), located at 1717 S.W. Park Avenue in Portland, Oregon. This facility is a 181,094 square foot building containing 305 apartments totaling 169,321 square feet, 11,773 square feet of retail and 182 underground parking spaces. The fifteen-story facility is located on a 40,000 square foot lot that comprises .92 acres in the heart of the PSU campus. Currently, the retail spaces are leased to a café, a convenience store, a florist, and other small businesses. The tenants in the apartments currently include 15% PSU students. PSU will honor leases in the facility to the existing tenants until they expire, and will gradually convert apartment uses to PSU student housing and possibly faculty housing. The first floor will likely remain retail and the parking will be used for tenant, PSU student and staff parking.

The parties have entered into a purchase agreement with an agreed upon price of $22,000,000. PSU is requesting authority to expend up to $25.0 million to cover the purchase price with an allowance for deferred maintenance and renovation/upgrades to the facility. The purchase will be funded with Article XI-F(1) bond proceeds. A portion of the bonds issued will be taxable to cover any private use of the facility. The associated debt service on both the taxable and exempt bonds will be repaid using tenant rents and parking fees.

PSU plans to use the facility to accommodate general student housing and parking. In addition, some segment of the building may be used for faculty housing in the future. PSU is currently at capacity with regard to its student housing and parking. Today, PSU has only 919 apartment units for a current student body of more than 21,000 students. The current waiting list for student housing includes 300-400 students seeking housing. Thus, this represents an opportunity to purchase a pre-existing housing facility with associated parking in the heart of the PSU campus at a very affordable price.

Statement of Need:
Portland State University’s enrollment continues to grow to historic high levels and student housing and parking are in short supply. This fall term PSU enrolled more than 21,000 students. Next Fall enrollment is projected to approach 23,000 students. It is imperative that PSU acquire facilities in order to accommodate continued growth in student numbers with concurrent demands for added housing and parking space. Thus, this apartment/retail building in the heart of the
PSU campus with 189 parking spaces offers a unique opportunity to address these needs. In addition, acquisition of this property is consistent with the University-District plan. In fact, as more of the District is developed, real estate values are inflating making purchase of this property a good investment for the State and the University. Current rents in this facility are sufficient to cover debt service (including the funding needed for deferred maintenance and renovation funding) and operating costs.

**Conditions of Purchase:**
The proposed purchase is subject to review and acceptance of the following terms: a thorough inspection of the premises and examination of all books, records, leases, etc. associated with the property; approval of the State Board of Higher Education, Legislative approval, the receipt of two independent appraisals; receipt of a satisfactory Level I environmental report; and obtaining adequate bond proceeds to finance the transaction. This transaction is scheduled to be closed no later than October 31, 2002. Staff are working with Eric Iverson, Assistant Attorney General with the Department of Justice, Business Transactions Section, and B.J. League of Preston Gates and Ellis (OUS Bond Counsel) on the terms and conditions of the purchase.

**Staff Recommendation to the Executive Committee:**

Staff recommends that the Executive Committee approve, on behalf of the Board, authorization for PSU to proceed with the purchase of an apartment/retail facility (a.k.a. Ione Plaza), located at 1717 S.W. Park Avenue in Portland, Oregon, and to present this project at the June 27-28, 2002 Emergency Board meeting in order to obtain Legislative approval, and authorization for the bond funding necessary to complete this purchase.

**COMMITTEE ACTION:**

**BOARD ACTION:**
NAMING OF BUILDING AT OSU, CHANCELLOR’S RECOMMENDATION

Summary:
Prior to the May 18, 2002, Executive Committee meeting, President Risser will brief Board members on the Chancellor’s recommendation to name a building at OSU following a formal recognition event which is scheduled for Wednesday, May 15, 2002.

Staff Recommendation to the Executive Committee:

Staff recommends that the Executive Committee approve, on behalf of the Board, the Chancellor’s recommendation to name a building at OSU.

COMMITTEE ACTION:

BOARD ACTION:

AMENDMENTS TO OAR 580-022-0030 STAFF FEE PRIVILEGES AND OAR 580-022-0031 TRANSFER OF STAFF FEE PRIVILEGES

Executive Summary:

Background:
On June 16, 2000, the Oregon State Board of Higher Education approved the addition of OAR 580-022-0031 to permit transfer of staff fee privileges to family members or domestic partners of qualifying staff for a trial period of two years. Review of the transfer program was conducted, as directed by the rule, in April 2002. Staff has prepared a recommendation to the Board based on the findings of that review.

The Fall 2001 enrollment report showed that 86% of the transfer benefit is used for undergraduate enrollment. Of that enrollment, 67% occurred at the staff members’ employing (home) institutions; 33% percent of undergraduate enrollees attended institutions other than the staff members' home institutions. Transfer benefit utilization was distributed among all employee classes, resulting in 20% use by classified employees, 45% use by faculty; 35% use by unclassified...
employees. In Fall 2001, transfer enrollments represented 818 students or 660 FTE.

The Joint Administrative, Academic, and Student Councils reviewed the staff fee privileges program in March 2002. They generally agreed that the program should be continued, and recommended that the rule be extended two additional years to permit enrollment patterns to stabilize.

While staff typically enrolls in less than seven credit hours per term, the transfer rule resulted in increased credit hour enrollment patterns for dependents and spouses. Students enrolled in Fall 2001 averaged 14 credits as undergraduates and 9 credits as graduates. Enrollment patterns suggest that the benefit should be expanded to twelve credit hours to more closely accommodate full time students using the transfer benefit. Supporting that argument is the fact over the years since the program began, individual course credit hours have generally increased from three to four.

The Joint Councils requested an increase in the rate charged per credit hour. The current rate has been $15 per credit hour since 1991-92, or roughly equal to 25% of the per credit tuition rate for resident undergraduates at that time. The Councils agreed that setting the staff fee rate at approximately 25% of resident undergraduate tuition would index staff fee privileges and keep rates current in the future. The 25% rate would go into effect after the transition year of 2002-03. The proposed amendments are as follows:

**Staff Fee Privileges**

580-022-0030 Employees of the Department of Higher Education may register for class work at special rates, subject to the following conditions:

1. Graduate teaching and research assistants may register for credit hours during any term of their appointment and during an intervening summer term under the terms and conditions approved by the Board and described in the Academic Year Fee Book. Graduate assistants are students admitted to a graduate degree program and appointed to an assistantship while working toward a graduate degree. Appointment as an assistant may not be for less than .15 FTE for the term of appointment. Institutions may establish minimum and maximum numbers of credit hours for which graduate assistants may register, provided that the president's approval is required prior to registering for credit hours in excess of 16 in any one term.
(2) On approval of the president or designee, employees appointed at half-time or more (not including temporary classified employees, graduate assistants, and other student employees) may register for a maximum of [ten] twelve hours of credit per term at the staff fee rate under the terms and conditions approved by the Board and described in the Academic Year Fee Book. Employees in Centralized Activities must have approval of the Chancellor or designee before registering for credit at the staff fee rate. This policy is effective fall term 2002. The Board of Higher Education will review subsequent to fall 2004.

(3) Auditor privileges are accorded to employees under the terms and conditions approved by the Board and described in the Academic Year Fee Book.

(4) For purposes of this rule, the term "employee" may include persons will full-time courtesy appointments who provide a benefit to the institution in the form of teaching, research, or counseling, under the direction of the institution and using the facilities of the institution.

Transfer of Staff Fee Privileges
(Approved by the Oregon State Board of Higher Education 6/16/00)
580-022-0031 Employees of the Department of Higher Education eligible for staff fee privileges (as defined in 580-022-0030) may transfer such privileges to family members or domestic partners consistent with the following terms and conditions:

(1) Persons eligible to receive a transfer of staff fee privileges must be either:
   (a) a family member, to include spouse or dependent children, in accordance with the Internal Revenue Service (IRS) code; or
   (b) a "domestic partner", as defined per Section One of the Public Employees Benefit Board Affidavit of Domestic Partnership.

(2) Staff fee benefits:
   (a) are usable only once per academic term by either the employee or transferee;
   (b) may not be subdivided during a term;
   (c) are limited to one transfer per term; and
   (d) are limited to [ten (10)] twelve (12) academic credits per term.

(3) Employee qualification is verified through Human Resource System Records at each institution; recipient status (spousal, dependent, or domestic partner) must be established no later than the first day of classes of the term of enrollment.

(4) Recipients of transferred staff fee privileges may utilize credit at any Oregon Department of Higher Education institution, subject to policies of instructing institution. Institutions reserve the right to exclude programs from eligibility for the privilege.
(5) Mandatory enrollment fees including, but not limited to, Resource, Health Service, Building, and Incidental, will apply.

(6) Transfer of staff fee benefits is not available for retirees of the Oregon Department of Higher Education or employees of Oregon Health Science University participating in the OUS/OHSU intergovernmental agreement.

(7) This policy is effective [from] fall term 200[0]2 [through spring term 2002]. The Board of Higher Education will [determine continuation thereafter] review subsequent to fall 2004.

(8) For further reference to applicable policies and procedures, see [Academic Year Fee Book 2000-2001] “2002-2003” edition of the Academic Year Fee Book (and subsequent editions).

Staff Recommendation to the Executive Committee:

Staff recommends that the Board of Higher Education adopt the proposed modification of OAR 580-022-0030, Staff Fee Privileges and OAR 580-022-0031, Transfer of Staff Fee Privileges as temporary rules to sustain continuity of enrollment under this rule. This rule to be included in the Academic Year Fee Book upon concurrent adoption of the permanent rule for a two year period beginning Fall 2002. Staff will prepare a report based on Fall 2004 enrollment that collects usage, cost implications, and negative and positive outcomes.

COMMITTEE ACTION:

BOARD ACTION: