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

Chair Henry Lorenzen called the meeting of the State Board of Higher Education to order at 10:11 am.

On roll call, the following Board members were present: Don Blair, Bridget Burns, Kirby Dyess, Henry Lorenzen, Tim Nesbitt, Geri Richmond, Gretchen Schuette, Howard Sohn, and John von Schlegell.

OUS staff present included: George Pernsteiner, Neil Bryant, Mike Green, Ryan Hagemann, and Nancy Heiligman.

Others present included: Presidents Philip Conn, Martha Anne Dow, Dave Frohnmayer, Khosrow Fatemi, Ed Ray, and Elisabeth Zinser. OHSU Provost Lesley Hallick, Board appointees Tony Van Vliet and Adriana Mendoza, and PSU Interim Vice President Cathy Dyck were also present.

Meeting attendees also included OUS staff, faculty, institution representatives, the press, and interested observers.

2. **APPROVAL OF MINUTES**

- Regular Board Meeting, October 8, 2004
- Work Session of the Board, July 15-16, 2004
- Regular Board Meeting, July 16, 2004
- Regular Board Meeting, August 5, 2004

Chair Lorenzen called for a motion to approve all outstanding minutes as included in the Board docket. Director Dyess moved to approve all outstanding minutes and Director Sohn seconded the motion. Board members in favor: Blair, Burns, Dyess, Nesbitt, Richmond, Schuette, Sohn, von Schlegell, and Lorenzen. Opposed: none. Motion passed.

3. **REPORTS**

   a. **Chancellor’s Report**

Chair Lorenzen turned to Acting Chancellor Pernsteiner for a report. Pernsteiner first observed campuses and the Chancellor’s Office were preparing for the 2005-2007 budget, including conversations with the Department of Administrative Services and the
Governor’s Office. He added the dire economic situation of the state would impact the Governor’s Recommended Budget. Pernsteiner reiterated the Board’s four goals of affordability, access, excellence, and economic development. He specifically noted the additional grant dollars proposed by the Oregon Student Assistance Commission, the expected changes in enrollment growth, the importance of reaching underserved regions and populations, and the knowledge economy. Pernsteiner stated, "We are in this for the long term and we know that neither you nor we, collectively, can rebuild and reinvest in this System, and redirect it in just one biennium. So, we are seeking, with the leadership in both the executive and legislative branches of the state government, multi-biennial plans and agreements that will allow us to start from somewhere."

Pernsteiner returned to a request from Director Blair regarding discussions about the Optional Retirement Plan. He referenced productive discussions with faculty groups and OUS and that he was taking the matter under advisement until he could speak with the Governor’s Office.

Pernsteiner asked OUS Director of Institutional Research and Planning Bob Kieran to provide the Board with official fourth week enrollment numbers. Kieran observed that full data would come in the middle of the month, but he was prepared to discuss headcount and some preliminary implications. He noted that enrollment growth slowed somewhat as compared to the previous five years, but headcount had broken 80,000. He continued with the increases in undergraduate, professional, and doctoral enrollments, but the decline of master's level and non-admit graduate enrollment. Kieran reviewed growth patterns and the large graduation classes in recent years. He also added that he believed that the reduction in the rate of enrollment was likely due to increasing tuition rates. Director Richmond asked for clarification on the support chart and Kieran observed that it included the breakdown of only tuition and state support. President Ray added that students and the state together pay about 80 percent of the undergraduate cost of instruction and, of that, students pay two-thirds. After a summary, Kieran asked for questions.

Director Richmond asked for clarification on the professional and doctoral numbers and Kieran noticed an error that required correction. Director Burns asked if Director Richmond’s previous concern about sources of support could be noted. Director-designate Van Vliet asked if full-time student equivalents would be shown and Kieran replied it would in the complete report. Chair Lorenzen asked if OUS was predicting the number of students entering the seven OUS institutions to taper off and if there was planning to address it. Kieran replied OUS was currently updating high school enrollment projections. Director von Schlegell asked Presidents Conn and Zinser to comment on the declines in enrollment at WOU and SOU, respectively. President Conn observed about half of the decline was part-time students and, as such, the financial impact to WOU might not be as great as assumed. President Zinser noted the problems with sticker price and increased tuition level, the growth of Rogue Community College, and the softening of enrollment at SOU every four years. She noted SOU is developing a three-year and three-biennia plan for enrollment growth.
After comments from Presidents Conn and Zinser, Acting Chancellor Pernsteiner asked Lorraine Davis for an update from the Provosts' Council. She observed while the Provosts' Council was a new entity, she would characterize the topics with which it deals in three categories: performance indicators, full engagement with the Excellence in Delivery and Productivity Working Group, and program approval. Davis noted that she had included a description of the approval process in the packets for Board members. She continued with a discussion of the factors considered in the program approval process, including quality, individual missions of the institutions, duplication, and resource issues. Director Blair asked for additional comments on how the Provosts' Council evaluates questions of need. Davis observed much attention is focused on the process by which the institution evaluated the proposed program. Director Blair also asked for the proportion of programs that make it through the review process as compared to the programs that do not. Davis explained that proposals are frequently worked and reworked before making it to the Board and Director Blair asked if any programs had been turned down. Davis added that the Provosts' Council had entertained 18 proposals; one was reviewed six times and two others were reviewed twice. Director Richmond asked for clarification on external review. Director-designate Van Vliet expressed concern about the Provosts’ Council serving as the sole gatekeeper considering the unique missions of the institutions and asked questions regarding duplication. Davis noted that much of the Council's effort was repackaging current courses into a new degree program as opposed to approving new courses.

b. Presidents’ Reports

Chair Lorenzen asked the institution presidents for reports. President Dow noted OIT's increase in headcount enrollment, concern over affordability and tuition, and growth in the healthcare profession disciplines. She noted the recent approval of two degree programs, collaboration with community colleges, and recognition of two faculty members.

Interim Vice President Dyck noted a successful contracting vendor fair, a grant for programs within the Graduate School of Social Work, and the partnership between PSU and the Smithsonian Environmental Research Center.

President Zinser noted substantial focus on SOU's budget, an honored art faculty member, the recognition of the Lenn and Dixie Hannon Library as Federal Depository Library of the Year, community college partnerships, and the celebration for Ron and Marilyn Bolstad.

President Conn addressed enrollment questions at WOU, the honors program, and the celebration of International Education Week.

President Frohnmayer spoke to enrollment numbers at the UO, issues in the decline of international students, the UO's successful Halloween programming, and the upcoming kick-off of the UO campaign.
Provost Hallick offered information regarding OHSU's budget and planning processes. She referenced the major construction projects and strong admission numbers.

President Fatemi discussed enrollment numbers, including the drop in freshmen enrollment and EOU's ten-year plan designed to address enrollment.

President Ray noted the reallocation within OSU for targeted purposes, various building projects, including Weatherford Hall, Reser expansion, and the Vet Med small animal hospital, and the campus conversation regarding the tuition plateau.

c. **Interinstitutional Faculty Senate (IFS) President**

Chair Lorenzen asked IFS President Peter Gilkey for a report. Gilkey noted campus conversation regarding the Optional Retirement Plan and the desire for technical fixes, as opposed to decoupling. He also observed travel to various campuses to discuss Board initiatives. Gilkey discussed the transfer module and various proposals and distributed information summarizing meetings on the transfer module. Gilkey added that he had enjoyed serving as IFS president and Dr. Bob Turner would take over as president at the beginning of the year. Director Burns noted Gilkey's efforts in attending campus meetings.

d. **Oregon Student Association (OSA) Chair**

Chair Lorenzen turned to the Oregon Student Association for a report. Adam Petkun noted the successful voter drive on OUS campuses, the difficulties created by the current fiscal situation, and the hard work of the Board working groups. Director Nesbitt echoed Petkun's comments on the successful voter drives.

4. **ACTION ITEMS**

Before turning to the action items, Chair Lorenzen asked for a brief discussion regarding the planning of an upcoming Board retreat. He noted Director von Schlegell's role in planning and the Board retreat and asked him for comments. After discussion, the Board decided to hold the Board retreat on January 6-7, 2005.

a. **Chancellor’s Office Fund Balance Policy**

**DOCKET:**

**Background:**

In July 2004, the Board requested a plan on the use of the Chancellor's Office fund balance because the balance was expected to exceed the target of 10 percent of operating revenues and the reporting threshold of 15 percent now set in Board policy. Since then, staff have presented a plan and identified commitments and expected uses of the fund balance for 2004-05, including transition costs for the reorganization of the
Chancellor’s Office, one-time expenses, and potential ongoing expenses that will need to be considered in the 2005-06 budget and beyond.

At the October 2004 meeting of the FBAPRE Committee, staff presented a number of options for the Committee to consider regarding Board involvement in determining the use of the Chancellor’s Office fund balance. Based on Committee discussion, staff has drafted the following recommendation.

**Chancellor’s Office Fund Balance Recommendation:**
Staff recommended that the Board authorize the Chancellor to approve commitments of the Chancellor’s Office fund balance up to $250,000 per item and up to an annual aggregate of $1 million with delegation of authority to the FBAPRE Committee to approve items in excess of these amounts. Staff will submit quarterly reports to the Committee regarding the use of these balances.

The purpose of this policy is to guide the use of the fund balance within the context of policies the Board adopts.

Staff proposed to bring the Chancellor’s Office Fund Balance within the ranges targeted in Board policy within the next three years. The major portion of the fund balance that is above the 10 percent target will be expended in 2004-05 to support the Board’s key initiatives including the reorganization of the Chancellor’s Office. As the reorganization is more fully implemented, staff will make further proposals for the future disposition of the available fund balance by the end of the next biennium.

*(Board action required.)*

**BOARD DISCUSSION AND ACTION:**

Chair Lorenzen turned to Acting Chancellor Pernsteiner for a discussion of the Fund Balance policy docket item. Pernsteiner observed previous discussions and shared that the proposal incorporated earlier suggestions on how to allocate funds from the fund balance. He summarized the policy that would permit the Chancellor to approve commitments up to $250,000 with an annual aggregate of $1 million.

Chair Lorenzen called for a motion to approve the policy as proposed in the docket materials. Director Dyess moved to approve the policy and Director Blair seconded the motion. Board members in favor: Blair, Burns, Dyess, Nesbitt, Richmond, Schuette, Sohn, Von Schlegell, and Lorenzen. Opposed: none. Motion passed.

Before turning to the consent items and remaining agenda, Chair Lorenzen noted a walk-on item from the University of Oregon. He asked OUS General Counsel Ben Rawlins to introduce and explain the walk-on item and commented that he hoped walk-on items would be kept to an absolute minimum.

**b. UO, Resolution to Acquire Williams’ Bakery (Walk-On Item)**
BOARD DOCKET:

RESOLUTION

WHEREAS, under and by virtue of the laws of the State of Oregon, the State Board of Higher Education is authorized to acquire such property as may be necessary for the present and future development of any activities or institutions under its jurisdiction;

WHEREAS the law provides that whenever in the judgment of the Board it is necessary to acquire property for a purpose for which the Board is authorized to acquire property, the Board shall, after first declaring by resolution such necessity and the purpose for which it is required, attempt to negotiate with the owner with respect to the compensation to be paid therefore and the damages, if any, for the taking thereof;

WHEREAS the Board believes it appropriate to formally resolve the necessity of the acquisition and to advise the property owner or owners of the Board’s resolution, so that the owners might be better able to make plans and to have such tax advantages in the donation, sale, or condemnation of the property as result from this resolution;

WHEREAS the Board finds it necessary that the State of Oregon, by and through the State Board of Higher Education, acquire to the real property situated in the City of Eugene, Lane County, Oregon, that is described on the attached Exhibit A, for the public purpose of establishing and maintaining thereon of public buildings, grounds, or facilities for the expansion and development of the University of Oregon.

NOW THEREFORE, BE IT RESOLVED by the State Board of Higher Education in regular meeting assembled:

1. That the State Board of Higher Education does hereby find and declare that the property in the City of Eugene, Lane County, Oregon, described on Exhibit A, attached, is required for public use, is suitable, proper, and necessary for the public purpose of establishing and maintaining thereon public buildings, grounds or facilities for the expansion of the University of Oregon.

2. That the State Board of Higher Education does hereby find and declare that the acquisition of said property in fee is necessary to carry out the proposed expansion and development program.

3. That the Chancellor or designee is directed to attempt to agree with the owner or owners of said real property as to the compensation to be paid for the acquisition; and in the event that no satisfactory agreement can be reached, then, subject to appropriate approval of funding, such officer shall request and authorized the Attorney General of the State of Oregon to commence and prosecute to a final determination such suits, actions, and proceedings as may
be necessary and appropriate to formally acquire the property described above and determine just compensation to the owner or owners.

4. That upon the trial of any suit or action instituted under the provisions of paragraph 3 above, the Attorney General, or any Assistant Attorney General assigned the case, is authorized to make such stipulation, agreement, or admission as in his judgment may be for the best interests of the State of Oregon.

5. That this resolution be entered in the minutes and records of the State Board of Higher Education this 5th day of November, 2004.

______________________________
Henry C. Lorenzen
President
State Board of Higher Education

Exhibit A

Property Description

Lots 1, 2, 3, 4, 5, 6, 17, 18, 19, 20, 21, and 22, Block 5; Lot 3 to the extent owned by United States Bakery, the South 16½ feet of Lot 5, Lot 6, that portion of Lot 7 lying North of a line described as beginning at a point 49.4 feet North of the Southeast corner of said Lot 7, thence West 160 feet to the East line of the alley, Lots 17, 18, 19, 20, 21, and 22, Block 6, AMENDED PLAT OF FAIRMOUNT, as platted and recorded in Book 2, Page 12, Lane County Oregon Plat Records, in Lane County, Oregon;

TOGETHER WITH that portion of the vacated alley in Block 5 lying North of the extended South lines of Lots 6 and 17 and the South line of 13th Avenue; also, that portion of vacated Moss Street lying between the above described Blocks 5 and 6, vacated by Eugene City Ordinance No. 19362, which attached to the above described Lots by operation of law.

(Board action required.)

BOARD DISCUSSION AND ACTION:

General Counsel Ben Rawlins noted the unusual timing and circumstances that necessitated the walk-on item on behalf of the UO. He outlined the resolution for the UO to acquire property, including the possibility of condemning the property. He explained that Oregon law requires the resolution as a precondition of land acquisition, authorizing not only the possibility of condemnation, but negotiation with the relevant landowner. Rawlins noted that the resolution was not a financing option. Chair Lorenzen turned to President Frohnmayer for additional comments. Frohnmayer offered the rationale for
bringing the materials to the Board and stressed it was a procedural action. He summarized that the UO was asking the Board to authorize the resolution that would permit the UO to move forward.

Director Blair shared a potential conflict of interest and recused himself from participation. Director Nesbitt asked if the project has been in front of a previous Board and Frohnmayer offered that the timeframe had been difficult to predict and that he believed there were discussions with a predecessor Board. Director Nesbitt expressed his concerns about taking the step contemplated without more details. He asked for more specific information about whether the project would pay for itself and what sources of funding would pay for it. Frohnmayer discussed the professional assistance the UO consulted regarding the determination of future revenue and the reasonability of the project. Director Nesbitt asked for more information on future steps. President Frohnmayer reiterated the wording of the resolution and the requirement of the UO to return to the Board for any financing authority. Pernsteiner echoed that there would be several steps that the Board would need to take if the project were to advance. Director von Schlegell asked questions about potential leasing and whether the project would be in the capital construction budget. Director Nesbitt clarified that the UO would return to the Board if it were to acquire the land and Pernsteiner confirmed that the UO would be required to do so.

Chair Lorenzen called for a motion to approve the resolution as distributed. Director von Schlegell moved to approve the resolution and Director Sohn seconded the motion. Board members voting in favor: Burns, Dyess, Lorenzen, Nesbitt, Richmond, Schuette, Sohn, and von Schlegell, and Lorenzen. Opposed: none. Director Blair abstained due to the previously discussed conflict of interest.

5. **Consent Items**

a. OSU, Nominations to the Forest Research Laboratory Advisory Committee

**DOCKET:**

**Summary**

Pursuant to ORS 526.225, Oregon State University nominates Barte Starker and Scott Schroeder to industry positions, and Gary Hartshorn, Jason Miner, and Bettina von Hagen to public positions on the Forest Research Laboratory Advisory Committee and requests the Board make the recommended appointments.

**Background**

ORS 526.225 specifies that the Board of Higher Education shall appoint a Forest Research Laboratory Advisory Committee composed of 15 members, nine of whom are to be individuals engaged, actively and principally, in timber management of forest lands, harvesting, or processing of forest products; three individuals who are the heads of state and federal public forestry agencies; and three individuals from the public-at-large. Although the statute does not prescribe the terms of the Committee members, the practice
has been to make appointments for a period of three years. Traditionally, those who are performing actively and effectively have been recommended for reappointment to a second three-year term, with all members replaced at the conclusion of a second term.

**Recommendation by Forest Research Laboratory Director:**
Dr. Hal Salwasser, director of the Forest Research Laboratory, with the concurrence of President Ed Ray, has made the following recommendations:

- **Appointment of Barte Starker** (industry position), Executive Vice President of Starker Forests, Inc., Corvallis, for the position that was held for 28 years by “Stub” Stewart and has been vacant since 1999. Starker Forests owns and manages 65,000 acres of timberland in Western Oregon. Mr. Starker holds active memberships in the following state and community organizations: Oregon Forest Resources Institute Board; Western Forestry and Conservation Association Trustee; Keep Oregon Green Trustee; Emergency Fire Cost Committee Chair; West Oregon Fire Protection Association Board; World Forestry Center Board; Oregon Coast Aquarium Board; Corvallis Boys and Girls Club Board and Facilities Committee Chair; Good Samaritan Hospital Foundation Board; and the Rotary Club.

- **Appointment of Scott Schroeder** (industry position) to fill the position vacated by Dave Bowden. Mr. Bowden has recently retired from Longview Fibre and the Committee. Mr. Schroeder currently owns and operates Mega Tech of Oregon, a contract electronic assembly business located in Corvallis, Oregon. He also owns the SRS Group, LLC; a service group that provides advice and support to private family owned forest products enterprises. From 1997 to 2003, he held the position of vice president of manufacturing at Roseburg Forest Products, a billion dollar vertically integrated family owned forest products enterprise. He worked for 18 years with Stimson Lumber Company in Portland, Oregon, starting as a forest engineer and advancing to vice president of inland operations. Mr. Schroeder received a bachelor of science degree in forest engineering from Oregon State University. He is active in several business, community, and industry organizations: the advisory boards of the Bureau of Business and Economic Research, University of Montana, and the College of Engineering Oregon State University; Oregon Forest Industry Council, California Forest Protective Association, and APA-The Engineered Wood Association.

- **Appointment of Gary Hartshorn** (public position), president and chief executive officer of the World Forestry Center (WFC) based in Portland, to the position held by Sarah Vickerman. Ms. Vickerman has completed two terms on the committee.

Prior to joining the WFC in October 2003, Dr. Hartshorn was president and CEO for seven years of the Organization for Tropical Studies—a consortium of 65 universities based at Duke University, where he continues to be an adjunct professor of the practice of tropical ecology in the Nicholas School of the Environment. Dr. Hartshorn also served as chief scientist and a vice president of
the World Wildlife Fund U.S. in Washington, D.C. He lived in Costa Rica for 20 years. Hartshorn is an author of 250 scientific publications and technical reports. He published important papers on tropical tree demography and the role of gaps in tropical forest dynamics. Using his research findings on gap dynamics and the regeneration of tropical trees, Hartshorn developed the innovative use of strip-cuts as a management model in species-rich tropical forests. He is especially interested in promoting the conservation and sustainable use of forests.

Dr. Hartshorn’s degrees include a B.S. from Moravian College, an M.S. from North Carolina State University, and the Ph.D. from the University of Washington. He holds a courtesy professorship in Oregon State University’s College of Forestry.

- Appointment of Jason Miner (public position), conservation director of Oregon Trout, Portland, Oregon, to fill the position held by Deborah Brosnan. Dr. Brosnan has served two terms on the committee. Mr. Miner has been in the conservation department of Oregon Trout since 1999 as the staff conservation biologist, then conservation director. Prior to joining Oregon Trout, he practiced land use and environmental law at Ball Janik LLP in Portland. Mr. Miner earned a B.A. in Biology from Amherst College, a masters of environmental management in forest hydrology from Duke University, and a J.D. from Duke University School of Law.

He has served on several state policy advisory committees, including the State Forests Advisory Committee, the Eastside Riparian Functions Advisory Committee, OWEB’s Acquisition Priorities Committee, ODFW’s Oregon Coastal Coho Project, and ODFW’s Comprehensive Wildlife Conservation Strategy. In 2001, he was appointed by Secretary of the Interior Gale Norton to the Steens Mountain Advisory Committee to advise the BLM on land management in Southeastern Oregon. He was reappointed in 2004. From 2001 through 2003, he served on the Board of Directors for Three Rivers Land Conservancy, a regional land trust in Lake Oswego, Oregon.

- Appointment of Bettina von Hagen (public position), a vice president at Ecotrust in Portland, to fill the position held by Martin Goebel. Mr. Goebel completed one term on the committee. Ms. Von Hagen also served Ecotrust as the vice president for the Natural Capital Fund, a $20 million fund that invests in key businesses and initiatives in the conservation economy. She serves as the interim CEO of Ecotrust Forests LLC, a newly launched forest investment management organization that will own and manage forestland in the Pacific Northwest for the benefit of investors seeking triple bottom-line returns.

Her recent publications include RebuiltGreen, which describes the green redevelopment of the Natural Capital Center and The Rain Forests of Home, which describes the ecological, economic, and social conditions of the coastal temperate rain forest.
Ms. Von Hagen joined Ecotrust in 1993 to help launch Shorebank Pacific Corporation, a regional bank holding company committed to community, conservation, and economic development. Prior to joining Ecotrust, she was a vice president at First Interstate Bank of Oregon and managed the banking relationships of large and mid-sized companies in the region.

Ms. Von Hagen holds a B.A. from the University of the Pacific and an MBA from the University of Chicago. She currently serves on the boards of the Climate Trust, Forest Trends, and Friends of Opal Creek.

Staff Recommendation to the Board:
Staff recommended that the Board approve the above appointments to the Forest Research Laboratory Advisory Committee.

BOARD DISCUSSION AND ACTION:

See page 591.

b. OSU, Renaming of Apperson Hall to Kearney Hall

DOCKET:

Summary:
Pursuant to OAR 580-050-0025, no building or structure of the Oregon University System will be named after a living person. However, the Board may make exceptions to this rule if a donor contributes a substantial share of the cost of construction or if other unusually meritorious reasons exist. Subject to the limitations in this rule, presidents are authorized to name buildings or structures.

Background:
The renaming is for Apperson Hall, located on the Oregon State University campus and houses civil and construction engineering programs. Originally built in 1898 as a two-story building, Apperson Hall was expanded in the 1920s with the addition of a third story to accommodate the growing College of Engineering. Apperson was a public official involved in securing state funds for the original construction. The external shell of the building will be retained and the interior will be completely renovated to 21st Century standards. Once completed, it is proposed to rename the building Kearney Hall in honor of Lee and Connie Kearney who donated $3 million as the lead gift for the $7 million construction project. The new teaching auditorium, atrium, laboratories, classrooms, offices, and other interior spaces, as well as the exterior plaza, will also be used for donor recognition. The remodeled building will house the rapidly growing construction-engineering program and the Kiewit Center for Infrastructure and Transportation program offices. The civil engineering program will then be located in adjacent Owen Hall in space vacated by the move of electrical and computer engineering to the new Kelley Engineering Center.
Mr. Lee Kearney graduated from OSU civil engineering in 1963, retiring in 1997 after a 32-year career at one of the nation’s largest construction firms, Peter Kiewit Sons’, Inc., where he served as a vice president, president, and on the board of directors. While at Peter Kiewit Sons’, Inc., Kearney personally hired more than 50 OSU engineering graduates. Shortly after retirement, he spearheaded a fundraising effort among OSU alumni affiliated with the company that raised $1.6 million and established the Kiewit Center for Infrastructure and Transportation at OSU, now one of the college’s leading research clusters and includes the world’s largest tsunami wave basin and the National Center for Accessible Transportation.

Connie Kearney attended OSU from 1961 to 1963, where she met Lee Kearney. She subsequently graduated from the University of Washington, later earned a law degree from Creighton University, and practiced law specializing in poverty and juvenile law. Lee and Connie are co-chairs of the Technology Campaign Cabinet and helping achieve the fund raising goals for the College of Engineering’s Top-25 drive. Lee is also a member of the College of Engineering Advisory Board and Connie is a trustee of the OSU Foundation.

**Staff Recommendation to the Board:**
Staff recommended Board approval that Apperson Hall be renamed as Kearney Hall in honor of Lee and Connie Kearney, strong supporters of Oregon State University.

**BOARD DISCUSSION AND ACTION:**

Without questions, Chair Lorenzen called for a motion to approve the consent agenda. Director Burns moved to approve the consent agenda and Director Sohn seconded the motion. Board members in favor: Blair, Burns, Dyess, Nesbitt, Richmond, Schuette, Sohn, von Schlegell, and Lorenzen. Opposed: none. Motion passed.

6. **COMMITTEE REPORTS**

a. **Standing Committees**
   i. **Finance/Budget/Audit/Personnel/Real Estate (Don Blair)**

Chair Lorenzen turned to Director Blair for a brief FBAPRE report. Director Blair noted enormous progress on several issues. He noted the report on the fiscal status of intercollegiate athletics and questions posed to the Chancellor’s Office with thoughts and metrics on how to approach intercollegiate athletics. Director Blair also noted the new set of managerial reports with standard quarterly reporting that provide additional institutional detail. He noted Nancy Heiligman’s presentation of cost data. Chair Lorenzen noted Heiligman for her good work.
b. Working Groups
   i. Access and Affordability (Tim Nesbitt)

Chair Lorenzen asked Director Nesbitt for an AAWG report. He referenced the discussions surrounding need-based aid and the relationship to the Oregon Opportunity Grant. Director Nesbitt reiterated the Measuring Up study and Oregon's "F" in affordability. He noted the John Lee study and its comparisons on net costs compared to several other states. Director Nesbitt discussed the Minnesota Model of need-based financial aid and outlined the various funding parameters based on the studies. He commented on the budget proposals from the Oregon Student Assistance Commission and the focus group work regarding the ASET proposal. He stressed the focus groups were concerned with accountability and responsibility. Director Nesbitt, after describing elements of the Minnesota Model, noted the collaboration with OSAC. He noted efforts to ensure the Oregon Opportunity Grants works better. Director Nesbitt shared his desire to move quickly with the step of collaborating with OSAC to ensure funding of the Oregon Opportunity Grant. Director Burns noted the sobering messages, but observed she remained optimistic. Director Blair and Nesbitt discussed perception and possible short-term avenues for improvement. Director-designate Van Vliet asked if business would be willing to relinquish their kicker for scholarships and Director Blair commented that he was hesitant to single out one sector. Director Schuette reiterated comments about cooperating with OSAC. President Ray asked if the conversations about alternative funding were still underway. Director Burns returned to Director Blair's comments and noted a grant program was the most direct way to deal with the problem as it was facing Oregon. Director Sohn, echoing the Minnesota Model, discussed the importance of developing a culture of acceptance within the state. Director Nesbitt offered concluding comments, stressing cooperating with OSAC.

ii. Excellence in Delivery and Productivity (Gretchen Schuette)

Director Schuette offered several comments from the EDP Working Group. She noted IFS President Gilkey's energy and observed Tony Van Vliet and Adriana Mendoza, as well as Jill Kirk, Joe Johnson, Phil Christopher, and Dave Phelps would be joining the EDPWG. Director Schuette reviewed the progress with general education common core and the substantial upcoming work and meetings to move it forward. She stressed the work plan with clear goals and commitments from each of the two sectors. Director Schuette asked Dave McDonald and Loraine Davis if either had any additional comments from the EDPWG.

McDonald reiterated the substantial meeting schedule and that the first item that would be in front of the Board would be the general education piece. Davis noted the possible role of students in developing the general education transfer module and the differences between the proposals and the AAOT. She also spoke to the major advising and articulation agreements at the major level. McDonald added comments regarding the progress with the proposed data system and transfer process. He described Curt Pederson's work and the piloting projects at OSU, Linn-Benton Community College,
Multnomah ESD, and the Beaverton School District. President Ray asked Davis clarifying questions about major requirements.

iii. Academic Excellence and Economic Development (Kirby Dyess)

Before turning to Director Dyess for an AEED report, Chair Lorenzen noted Director Burns, Director Sohn, and Director-designate Van Vliet would serve as representatives to the Joint Boards Working Group. Chair Lorenzen also discussed the formation of a legislative issues committee.

Director Dyess reiterated the charge of the AEED Working Group and reviewed the reports from various subcommittees. She noted the report from the Leisure, Sports, and Recreation subcommittee and added information regarding the sports, outdoor equipment, and clothing manufacturing industries. Director Dyess also commented on the K-12 and sustainability subcommittee and asked Director von Schlegell for any thoughts on sustainability. Director Dyess specifically noted the work of Susan Weeks and Charles Triplett.

iv. Chancellor’s Office Review (Geri Richmond)

No report.

c. Other Board Committees
   i. OHSU (Kirby Dyess)

No report.

   ii. Oregon College Savings Plan (Tim Nesbitt)

Director Nesbitt spoke briefly about the Oregon College Savings Plan Board. He discussed the change in management firms and the recent $175,000 from Strong Management. He added comments about marketing and further discussions by the Savings Plan Board.

7. PUBLIC INPUT

No public input.

8. BOARD COMMENTS

Chair Lorenzen thanked Charmagne Erhenhaus and OCATE for their hospitality and the use of the facility.

9. DELEGATION OF AUTHORITY TO BOARD’S EXECUTIVE COMMITTEE
“Pursuant to Article II, Section 5 of the Bylaws of the Board of Higher Education, the Board delegates to the Executive Committee authority to take final action as here designated or deemed by the committee to be necessary, subsequent to the adjournment of this meeting and prior to the Board’s next meeting. The Executive Committee shall act for the Board in minor matters and in any matter where a timely response is required prior to the next Board meeting.”

Chair Lorenzen asked the Secretary to read the delegation of authority to the Board's executive committee and for a motion to accept the delegation. Director von Schlegell moved to accept the delegation and Director Nesbitt seconded the motion. Board members in favor: Blair, Burns, Dyess, Nesbitt, Richmond, Schuette, Sohn, von Schlegell, and Lorenzen. Opposed: none: Motion passed.

10. ADJOURNMENT

Chair Lorenzen adjourned the meeting at 1:07 p.m.

Henry C. Lorenzen  
President of the Board

Ryan J. Hagemann  
Secretary of the Board