MINUTES OF THE REGULAR MEETING OF THE
STATE BOARD OF HIGHER EDUCATION (#780)
PORTLAND STATE UNIVERSITY, PORTLAND, OREGON
JANUARY 5, 2007

Page

1. Call to Order/Roll Call/Welcome ................................................................. 1

2. Reports ........................................................................................................ 1
   a. Chancellor’s Report .................................................................................. 1
   b. Interinstitutional Faculty Senate (IFS) President ...................................... 2
   c. Oregon Student Association (OSA) Chair ................................................ 2

3. Legislative Presentation ............................................................................... 2
   a. Hopeful Reform (Fiscal Reform Proposal) ................................................ 2

4. Consent Items .............................................................................................. 3
   a. OSU, Change of Use of COP Proceeds ..................................................... 3
   b. Delegation of Authority for Intellectual Property Agreements ............... 4

5. Action Items ................................................................................................ 5
   a. Oregon Bio-economy and Sustainable Technologies (BEST) Center: Catalytic
      Funding Request ..................................................................................... 5
   c. Tuition and Fee Recommendations, Residence Hall and Food Service Charges,
      and Amendment to OAR 580-040-0035 2007 Summer Session Fee Book .......... 12
   d. OAR 580-020-0020, Repeal of the Annual Salary Calculation Method for
      Academic Staff ....................................................................................... 15
   e. Resolution for the Sale of Articles XI-F(1) and XI-G Bonds .................... 16
   f. Resolution for the Sale of Refunding Bonds ........................................... 18

6. Report Items ................................................................................................ 19
   a. 2007 Governor’s Recommended Budget overview .................................... 19
   b. UO, Westmoreland Housing Status Report ............................................. 23

7. Committee Reports ...................................................................................... 24
   a. Working Groups ..................................................................................... 24
   b. Other Board Committees ...................................................................... 24

8. Public Input .................................................................................................. 25

9. Board Comments ........................................................................................ 25
10. Delegation of Authority to Board’s Executive Committee .................................................... 25
11. Adjournment ........................................................................................................................... 25
1. **CALL TO ORDER/ROLL CALL/WELCOME**

President Henry Lorenzen called the meeting of the State Board of Higher Education together at 8:55 a.m.

**Board members present included:** President Henry Lorenzen and Directors Don Blair, Gerry Blakney, Kirby Dyess, Adriana Mendoza, Dalton Miller-Jones, Tim Nesbitt (arrived at 9:19 a.m.), John von Schlegell, Gretchen Schuette, Howard Sohn, and Tony Van Vliet.

**Staff present included:** Chancellor George Pernsteiner, Neil Bryant, Michael Green, Ryan Hagemann, Jay Kenton, Glen Nelson, Robert Simonton, Marcia Stuart, and Susan Weeks.

**Others present included:** Presidents Dan Bernstine (PSU), Mary Cullinan (SOU), Martha Anne Dow (OIT), Khosrow Fatemi (EOU), Dave Frohnmayer (UO), John Minahan (WOU), and Ed Ray (OSU). Provosts Lesley Hallick (OHSU) and Sabah Randhawa (OSU) were also present.

2. **REPORTS**

   a. **Chancellor’s Report**

President Lorenzen called upon Chancellor Pernsteiner for his report. The Chancellor noted the upcoming legislative session and opined that the proposed biennial budget preserves affordability for Oregon students both through the restriction of tuition increases for Oregon resident undergraduates to no greater than the median family income but also by the full funding in second year of the Shared Responsibility Model. Those actions represent a “new contract between the state government of Oregon and the students of the future,” he stated. The System has received approval to move forward important legislative bills that will enable the System to operate more effectively and efficiently in the future. The ability to invest interest earnings for the benefit of the universities is important because that will provide incentives for the campuses to better manage their cash. He concluded, “You have set the tone, you’ve set the message, and you will now be carrying that message forward.”

He then turned the report over to Mr. Neil Bryant for the legislative pre-session report. Bryant advised that the session kicks off the following week with speeches by the governor, the president of the Senate, and the speaker of the House wherein they will share their vision for
the future of Oregon. It is anticipated that revenue projections will increase in March and May but that K-12 will be lobbying for a greater portion of that increase. (Mr. Bryant’s full comments are on file with the Board’s Office.)

b. Interinstitutional Faculty Senate (IFS) President

Dr. Mina Carson provided the report, advising that the Senate is excited to cooperate with the Chancellor’s Office and the Board during the legislative session and that Dr. Lee Ayers will be presiding over the IFS in the 2007 calendar year. President Lorenzen thanked Dr. Scott Burns for his service as IFS president during the previous year.

c. Oregon Student Association (OSA) Chair

President Lorenzen called upon Megan Driver, chair of the OSA, to provide their report. She advised that the OSA board is meeting in Ashland to finalize their legislative agenda and noted that “ensuring that the universities keep the money that the Governor allocated will be a challenge that we are excited about.” She also indicated that the OSA will be advocating for the Shared Responsibility Model and working to increase the Governor’s investment in the ASPIRE program to serve 285 Oregon high schools. (Her comments are on file with the Board’s Office.)

3. Legislative Presentation

a. Hopeful Reform (Fiscal Reform Proposal)

President Lorenzen introduced and welcomed Senators Decker, Morse, and Schrader to the table. They expressed their support of higher education in Oregon and that “we need to find legislative solutions to these problems and build a solid financial foundation for our state—that’s our number one responsibility and we believe that keenly.” Senator Morse added, “That’s why we have spoken to thousands literally across the state on this issue, trying to raise the awareness.” Senator Schrader advised that the fiscal reform proposal is about long-term, sustainable budgeting and revenue collection in Oregon. Oregon is in the middle of a “perfect fiscal storm” with legislators being accused of “spending like drunken sailors at the legislature in the last 15 years.” The reality is that half of the increases in spending have been on initiatives and not from the legislature. He indicated that half of the spending in the last 15 years, out of the $7 billion in increases, $3.4 billion resulted from the initiative process. Senator Westlund interjected, “another way to say this is that in the greatest economy in the history of the planet, the 1990s, Oregon’s revenue, with a tax structure that’s too responsive, grew 100 percent—it doubled. It grew from $5 billion to $10 billion. And of that incredible $5 billion growth, we the people, through the initiative process—either through tax cuts or unfunded spending mandates—spent $3.4 billion of that $5 billion before it ever got to that fancy alabaster building. Then, we entered the worst recession in this state’s history; only the second biennial-to-biennial decline since statehood. In the greatest of times, we spent all of that growth.” Senator Schrader emphasized that, over the last 15 years, the spending per-person has decreased rather than increased.
It was noted that the revenue is increasing disproportionately to the growth of the economy. Personal income is rising at 5-6 percent and revenues are increasing 15-20 percent; this puts the state at great risk; our greatest risk going into this next legislative session is that Oregon will depend upon an unstable revenue source as though it were stable and that revenue will be spent.

Another factor is the “kicker” that mandates that any surplus be returned to the taxpayer rather than maintained in a “rainy day” fund. In order to continue on the spending trajectory the state is currently on, the rainy day fund will need to be increased to 20 percent. The proposal does not advocate for repealing the kicker but to divert personal and corporate monies into the rainy day fund in order to increase that fund to 10 percent of the General Fund and then any kicker monies beyond that would be returned to the taxpayer. It is also proposed that income taxes and capital gains be reduced by 39 percent and a 5 percent consumption tax be instituted. Positive outcomes would include increased support for the educational systems, increased jobs, and increased healthcare coverage.

In addition to tax reform, a major component of this proposal is fiscal reform—greater accountability in government. This will be provided through a requirement that state agencies implement formal business plans to improve their processes, procedures, and outcomes that focus specifically on costs—reducing and controlling costs.

Following a brief period of discussion, President Lorenzen thanked the senators for their presentation and the time shared with the Board.

4. **CONSENT ITEMS**

a. **OSU, Change of Use of COP Proceeds**

**DOCKET ITEM:**

Oregon State University is seeking Board approval for a proposed change in the use of previously authorized Certificates of Participation (COPs) approved by the 2005-2007 Legislative Assembly. OSU received $10 million in COPs authority to upgrade the OUS telecommunications system. Due to budget constraints, OSU does not have sufficient funds to cover debt service payments on COPs and the project has been deferred.

OSU proposes to issue $2,192,500 in COPs to fund capital equipment for the Veterinary Medicine hospitals on the OSU campus and the Oregon Humane Society clinic. The College of Veterinary Medicine needs to equip the new small animal hospital, to upgrade the equipment at the large animal hospital, and provide equipment to support the partnership with the Oregon Humane Society. Debt Service will be paid with gift funds.
**Staff Recommendation to the Board:**
Staff recommended that the Board approve OSU’s request for the change in use of COP proceeds and authorize the Chancellor or designee to seek Department of Administrative Services and legislative approval for this request if necessary.

**b. Delegation of Authority for Intellectual Property Agreements**

**DOCKET ITEM:**

Earlier this year, the Research Council suggested that the Chancellor’s Office delegate the authority to enter into agreements regarding intellectual property to the Presidents of Oregon State University, Portland State University, and the University of Oregon.

Oregon Administrative Rules, as promulgated by the State Board of Higher Education, vest ownership of intellectual property created by the employees of the Oregon University System in the State Board of Higher Education. Under OAR 580-043-0016 and 580-043-0026 (and related authority in State Board Internal Management Directives Section 6.2 et. seq.), the vice chancellor for finance and administration or designee is vested with authority to commit the Board to contractual agreements, “regarding assignment of rights, applications for patents, execution of licenses and agreements, and distribution of royalties.”

In consultation with the Chancellor, the above enumerated authority for the execution of agreements related to intellectual property is being delegated to the respective presidents or their designees of OSU, PSU, and the UO for all intellectual property agreements (as defined above) relating to their institutions.

Institutions exercising the authorities delegated herein shall maintain a log reflecting, at a minimum, all information required within the report provided annually to the Association of University Technology Managers. Said log shall be transmitted to the vice chancellor for finance and administration by April 1 each year.

When this delegation to the president creates a conflict or dual, inconsistent duties or obligations, institutions shall promulgate revised procedures addressing the obligation outlined in Board Internal Management Directive Section 6.2 et. seq.

**Staff Recommendation to the Board:**
Staff recommended that Board approve the proposed delegation of authority.

**BOARD DISCUSSION AND ACTION:**

Following a brief period of discussion, Director von Schlegell made the motion to approve the consent agenda items and Director Sohn seconded; those voting in favor included: Directors Don Blair, Gerry Blakney, Kirby Dyess, Henry Lorenzen, Adriana Mendoza, Dalton Miller-Jones,

5. **ACTION ITEMS**

a. **Oregon Bio-economy and Sustainable Technologies (BEST) Center: Catalytic Funding Request**

**DOCKET ITEM:**

I. Request

The proposal to establish the Oregon Bio-Economy and Sustainable Technologies (Oregon BEST) research center has been developed in response to the Oregon Innovation Council’s (Oregon InC) interest in identifying areas in which Oregon’s natural, physical, and human resources give it a global competitive advantage in emerging market areas with significant economic potential. Oregon InC recommended, and the Governor included in his budget, money to fund the BEST initiative in recognition of the long-term potential advantages Oregon has in reputation, technology, and innovation relating to bio-products, clean energy, and green buildings. Oregon InC recommended that in the 2007-2009 biennium, BEST focus on bio-products and fuels because of the rapidly advancing market opportunities in these areas. Oregon InC recognized the need to continue seeking opportunities to leverage work in these areas to develop new market opportunities such as promoting innovations in green building technologies through the use of new bio-products. The Oregon InC summary and recommendation is attached as Appendix A1 to this request.

An investment of $1 million from the Oregon University System (OUS) in 2007 to establish the center and to launch its core research programs will help ensure that BEST comes quickly up to task in the areas of bio-products and bio-fuels and has resources to investigate the potential for broader, longer-term sustainability opportunities in Oregon.

An initial investment of $270,000 is requested from the Board of Higher Education as interim funding for the period 1/07 – 7/07 to:

1. Hire interim leadership and strengthen staff efforts;
2. Finalize the business plan and supporting materials in preparation for the legislative session;
3. Conduct inventories of biomass resources, owners, companies, and investors engaged in the conversion of Oregon’s forest and other resources to products and fuels; and
4. Enable immediate leveraging of federal and international funding dollars.

A more detailed proposal for how the balance of the $1 million OUS investment would be allocated will be developed in the first quarter of 2007, based on input from the interim Advisory Committee.
II. Background

This request to the Board of Higher Education is one part of a three part package of interim funding being pursued. The other components focus on organizational design (Meyer Memorial Trust, letter of inquiry attached as Appendix A1 to this request) and opportunity assessment (Oregon Community Foundation, letter of inquiry and supplemental information attached as Appendix A3 to this request). While the three requests are complementary and ideally would move forward simultaneously, each also stands independently, with speedier funding resulting in a more timely and robust launch of Oregon BEST. As noted by Oregon InC and the supporting Oregon BEST (and precursor) proposal documents, it is clear that the opportunities in sustainable technologies and services are enormous and growing. As one participant involved in the Oregon InC proposal evaluation process put it “The train is leaving the station, we can either get on it, or be left behind.” This funding request is to enable us to get organized so we can get on the train.

We are well underway in articulating how Oregon BEST needs to be structured to effectively mobilize Oregon University System resources in collaboration with partners in industry and other research organizations (e.g., PNNL, as an engine of economic development for the state). That vision has been embraced by Oregon InC, Oregon’s political leadership, and numerous businesses around the state. We have an opportunity now to begin to implement that vision and that structure through an initial investment by OUS to launch this center. Important first steps will include creating a brand identity for Oregon BEST, communicating the capacity of the region’s research and innovation community, articulating the commitment of its industrial community to sustainable practices and products, and showcasing the increasing interest of the state in building its economy with an eye on the “triple bottom line.”

This request focuses on engaging the leadership needed to launch Oregon BEST. It is recommended that an interim Advisory Committee composed of industry, government, and the broader research and innovation community leaders be appointed by the Chancellor and the chair of the Oregon Innovation Council. So constituted, the interim Advisory Committee members would be well-positioned to guide Oregon BEST in its initial focus and outputs and its medium and longer-term work plan and strategic vision. Interim leadership both in science and in business development needs to be engaged and dedicated to supporting the initial phases of Oregon BEST.

III. Laying the Foundations for Success

The success of Oregon BEST depends upon developing an organizational foundation that facilitates the leadership, management, and administration of a complex, nationally competitive, and results-oriented program. We are hopeful that the Meyer Memorial Trust will help fund an assessment and development of institutional design. Interim leadership is needed immediately to oversee and guide Oregon BEST. Establishing an interim advisory committee and organizational leadership will accelerate the timing of gains to be achieved from legislative and other investment in the coming biennium. Appendix A3 provides a list of some of the
The establishment of Oregon BEST will require outside leadership to ensure the success of the institution, its governing body, and leadership. To be successful, Oregon BEST will not only need to be a leader in innovative research and development, it will need to be innovative from an institutional perspective as well. Oregon BEST’s leadership and institutional infrastructure will need to achieve a focus on priority areas and near term results while not losing sight of the longer term strategic vision.

In addition, it will be critical to develop a strategy for communicating with the legislature and other state agencies to gain their support for Oregon BEST and to engage researchers, investors, and the business community in developing a pipeline of projects and funding to apply new science and methods to address priority needs and opportunities. The following activities would be undertaken within the first year of funding to advance these goals.

A. Establishing BEST’s Organizational and Leadership Structure

Establishing the initial support structure to launch Oregon BEST will require the following actions:

1. **Establish Interim Advisory Committee.** An interim Advisory Committee, charged with implementing the elements of this proposal, supporting Oregon BEST’s interim leadership, and providing executive guidance to the establishment of Oregon BEST, will be appointed jointly by the OUS Chancellor and the Oregon InC chair. The interim Advisory Committee will be made up of representatives from the business sector, non-governmental organizations, OUS, research offices on the various campuses, the Governor’s advisors and department directors, the national laboratories, and other governmental agencies. The Interim Advisory Committee, which will also include ex-officio members who can support and staff the committee, will advise the Chancellor and Oregon InC chair on leadership position descriptions, initial operating principles for Oregon BEST, and strategic planning.

2. **Determine and implement appropriate interim administrative structure and reporting relationships:** The interim Advisory Committee will be charged with determining the initial administrative structure for Oregon BEST and its reporting relationships. The interim Advisory Committee will also establish the initial operating charter, clarify authority to purchase, and take other necessary administrative steps.

3. **Recruit Interim Leadership:** An interim director would be hired to provide overall leadership to the initial development of Oregon BEST, including building relationships with the research community, business leaders, and stakeholders; refining the strategic vision and business plans for the organization; and communicating and building support for private and public investment and future success. The interim director will depend heavily upon the interim Advisory Committee for guidance related to the future directions of Oregon BEST. The interim Advisory Committee may also wish to consider the desirability of hiring an interim Business Development Officer or Outreach Officer to develop and strengthen partnerships with Oregon businesses, identify the most likely
opportunities for commercial success of Oregon BEST research products, and build partnerships with the many community-based sustainability initiatives around Oregon.

4. **Establish Oregon BEST Office**: A virtual and physical presence will be established at a location providing most convenient access to the community being served, including BEST’s business partners and other stakeholders. The office would be supported by administrative support staff and would be the initial hub of operations for Oregon BEST.

5. **Refine the Business Plan, Marketing/Communications Plan and prepare for a national search for a BEST Director**. The interim leadership, with input from the interim Advisory Committee will: 1) refine the Oregon BEST Business Plan to best meet the goals of the Oregon Innovation Council and Oregon legislature; 2) develop appropriate communications and education plans and materials to develop a unique and readily recognizable identity to maximize the success of the BEST Center; 3) take other steps to position the organization to be prepared to rapidly initiate an international search for a director and possibly a Business Development Officer upon legislative investment; and 4) review and make recommendations on the future legal status of Oregon BEST and steps to develop an intellectual property management strategy.

**B. Developing Legislative and State Agency Support**

It will be essential for the leadership of Oregon BEST to focus immediately on developing key relationships with legislative personnel to keep Oregon BEST well positioned in the upcoming legislative session. The ultimate goal of these actions is acceptance by the legislature of Oregon InC’s recommendation to fund Oregon BEST at the $3 million level, at a minimum.

In coordination with Oregon InC and its staff, the interim director will develop a work plan to educate and communicate with key elected officials and their staffs through written documents and face-to-face meetings. Through these meetings, the interim director and others at his/her direction will provide greater detail about the need for Oregon BEST and its vital role in building “line-of-site” relationships between researchers and innovators and the business and consuming communities in the development and use of sustainable technologies and products. The interim director will also develop appropriate materials and contacts with all legislative staffs and legislators to encourage broad-based support for this initiative during the legislative session.

Concurrently, the Oregon BEST staff will develop and enhance working relationships with individuals at Oregon InC, business leaders, key state agencies, the national lab, OUS, and key research leaders. Oregon InC and the Governor’s Office staff are currently developing their own strategy for educating the legislature about the overall Oregon InC plan. It is imperative that Oregon BEST staff stay in close contact with Oregon InC—particularly the subcommittee on commercialization—to ensure that the messages from both groups are consistent. The interim director will consider ways to leverage the resources and activities of the Governor’s Office and
Oregon InC to effectively and efficiently use the limited resources of Oregon BEST to reach out to the legislators.

Further, to assure success with the legislature, the Oregon BEST staff will reach out to key agency personnel to seek their endorsement of Oregon BEST and to recruit them as allies with the legislature. Building on established relations with OECDD, outreach is needed to the Oregon Department of Energy, the Oregon Department of Forestry, the Department of Environmental Quality, and the Oregon Department of Agriculture. These agencies will be key allies for Oregon BEST as legislative staffs query them on their interest and support for the proposal to fund this new signature research center.

Finally, OUS and the university campuses all are active in providing information to and communicating with the legislature on a variety of issues. The interim director will work towards providing key personnel at OUS and on the campuses (presidents, vice presidents, deans and government relations staff) with information about Oregon BEST. The interim director will work with OUS and campus personnel on creating and sharing a consistent and effective message to the legislature about the importance of this new signature research center to each campus and to enhancing collaborative activity among the major research institutions.

C. Building Community: Faculty, Business, and Non-Governmental Organizations (NGO) Engagement

Oregon BEST will need to further develop connections to Oregon’s industry and businesses as well as engage scientists with expertise to lead the research enterprise. Working groups will be formed in early 2007 to support the efforts to achieve legislative investment for the 2007-2009 biennium and federal, international, and business investment for the long-term. Support for several of these tasks is included in the funding requests to the Meyer Memorial Trust and the Oregon Community Foundation and the scope of activity would depend upon the level of funding provided from these sources.

1. Research Staff Involvement. The success of Oregon BEST is highly dependent upon recruiting the best researchers in the University System to participate in a focused research agenda. During this first year, the interim director will undertake a variety of efforts to identify and connect with the research staff having the most applicable skills to the research imperatives in bio-products and bio-fuels. Two highly successful methods used by the Oregon Nanoscience and Microtechnologies Institute (ONAMI) are proposed (positive decisions from Oregon BEST requests before the Meyer Memorial Trust and/or Oregon Community Foundation would accelerate and increase the depth in the use of these methods). First is the “mega-mixer” approach of bringing together a wide array of faculty to present one-slide descriptions of their interests and expertise. From these presentations, smaller groups will be developed around specific topics and opportunities will be provided for faculty to meet others in such groups. These groups will then be asked to provide feedback on the directions for future work through BEST and opinions on the greatest opportunities for success in research and technology
transfer. Second, again drawing on ONAMI’s experience, “elephant hunter” groups will be assembled to consider submitting proposals around large funding opportunities (actual or potential). The basic approach will be to identify ideas that represent economic opportunities greater than $10 million in the bio-economy and sustainable technologies areas and determine how funding could be acquired to develop these ideas. Researchers involved in ONAMI have found this approach to be stimulating and interesting. The interim director would initiate and facilitate the meeting of these groups. Seed grants have been requested from the Meyer Memorial Trust to catalyze teams around research projects (see Appendix A2)

2. **Business Partners.** During the first year, the interim director will identify the various business stakeholders related to Oregon BEST and determine their needs and expectations. The work will begin with the preliminary $20,000 in funding that has been provided by OUS and the Oregon Economic and Community Development Department to construct an inventory of all businesses, investors, and individuals engaged in biomass conversion to products or fuels and all private resource owners who might reasonably partner with us in the commercialization of bio-products and fuels.

3. **Other Research Partners.** During the first year, the interim director will also engage with other key research organizations, such as the Pacific Northwest National Laboratory, to ascertain their interests in participating in the BEST research and technology development and commercialization enterprise.

4. **Community Partners.** The interim director will also seek out and engage the many non-governmental organizations throughout the state that are already promoting the bio-economy and sustainable technology. The objective will be to get their support for the legislative proposal, leverage the work they are already doing and avoid duplication of effort.

**IV. Budget Requirements**

In order to start BEST effectively and take advantage of the opportunities for new state funds for a third Signature Research Center, respond to new federal research initiatives, and build new relationships with businesses, funds are needed to cover operations for the six months between January 15, 2007 and June 15, 2007. The BEST interim Advisory Committee will return to the Board of Higher Education in May 2007 to present the refined business plan.

**Staff Recommendation to the Board:**

Staff recommended that the Board accept this report and authorize the Chancellor to commit $270,000 from Chancellor’s Office fund balance for start-up expenses related to the BEST sustainability initiative.
BOARD DISCUSSION AND ACTION:

Vice Chancellor Jay Kenton introduced Ms. Susan Bragdon to present the item. He noted that this item is not included in the OUS budget but in the Oregon Economic and Community Development budget with the understanding that the monies would flow through to the BEST Center. Director Dyess reminded the Board that this proposal was one of the critical areas identified by the Academic Excellence and Economic Development Working Group for OUS to support.

Following Ms. Bragdon’s presentation, Chancellor Pernsteiner noted that, as a participant in the OregonInC board meetings, it became clear that in order for Oregon to have a competitive advantage in this arena, we would have to build an infrastructure similar to the ONAME structure. Therefore, he is proposing the use of $1 million from the Chancellor’s Office fund balance to support the creation of the Oregon BEST center. Director Dyess stated that this $1 million should be looked at as “seed monies” and that an additional $3 million will be needed from the state and businesses. The Chancellor agreed and advised that a governance structure will be developed by an advisory board.

Director John von Schlegell made the motion to approve the recommendation of the staff to commit $270,000 from Chancellor’s Office fund balance for start-up expenses related to the Oregon BEST initiative; Director Miller-Jones seconded. Those voting in favor included: Directors Don Blair, Gerry Blakney, Kirby Dyess, Henry Lorenzen, Adriana Mendoza, Dalton Miller-Jones, Tim Nesbitt, John von Schlegell, Gretchen Schuette, Howard Sohn, and Tony Van Vliet. Those voting no: none. Motion carried.

b. Annual Financial Report

DOCKET ITEM:

Summary: The report titled 2006 Annual Financial Report (contact the Board’s Office for the report and supplemental materials) was prepared by the Chancellor’s Office and the financial statements included within were audited by Moss-Adams, LLP, under contract to the Secretary of State, Audits Division. The audit opinion issued by Moss-Adams, LLP, is an unqualified opinion, which means that their opinion as to the fair presentation of the financial statements was issued without qualification.

In conjunction with the audit, Moss-Adams, LLP, has issued a letter to OUS Management (see supplemental materials) communicating observations and recommendations relating to OUS internal controls and compliance with Federal grants and contracts. OUS Management has issued a letter in response to these observations and recommendations (see supplemental materials) that includes general agreement with the observations and planned actions in response. None of the observations made by Moss-Adams, LLP, represented a significant deficiency or a material weakness in the design or operation of internal control for 2006.
As part of the financial statement audit, Moss-Adams, LLP, is required to communicate certain matters related to the conduct of the audit to those who have responsibility for oversight of the financial reporting process.

**Staff Recommendation to the Board:**
Subject to the report of Moss-Adams, LLP, staff recommended that the Board accept the 2006 Annual Financial Report.

**BOARD DISCUSSION AND ACTION:**

President Lorenzen called upon Associate Vice Chancellor for Finance and Administration and Controller, Michael Green, to present the item. Mr. Green, in turn, introduced Ms. Mary Case, audit partner, and Mr. Scott Simpson, senior audit manager, Moss-Adams, LLP, to assist in the presentation. Mr. Simpson informed the Board on the audit process and that the final report on the financial statements was “an unqualified opinion,” meaning that it was a clean audit report. He also noted that, in accordance with government auditing standards, Moss-Adams did not identify any material weaknesses in the internal control and that there were no compliance findings identified during the course of the audit. During the course of the audit, there were no disagreements with management, as they worked closely with campus and Chancellor’s Office administration.

Director Blair noted that he was pleased with the audit and commended Dr. Kenton and Controller Green and their teams in the Chancellor’s Office and the staff at the universities who participated in the audit. Controller Green informed the Board that the System received the state’s gold star award for excellence in financial reporting; he thanked Paul Bartlett and Mary Gaffney (Controller’s Division) for their work.

Director Lorenzen made the motion to accept the report; those voting in favor included: Directors Don Blair, Gerry Blakney, Kirby Dyess, Henry Lorenzen, Adriana Mendoza, Dalton Miller-Jones, Tim Nesbitt, John von Schlegell, Gretchen Schuette, Howard Sohn, and Tony Van Vliet. Those voting no: none. Motion carried.

c. Tuition and Fee Recommendations, Residence Hall and Food Service Charges, and Amendment to OAR 580-040-0035 2007 Summer Session Fee Book

**DOCKET ITEM:**

**Tuition and Fee Background:**
The tuition and fees, housing rates, and policies submitted here for consideration relate to the 2007 summer session. There are separate tuition and fee structures for the regular academic year and continuing education programs. This fee book addresses mandatory enrollment fees including tuition, building, resource, incidental, and health fees. The housing section reflects contract policies and rates for institutional residence halls and apartments.
Institutions have the authority to assess tuition on the current per-credit hour basis or to align to the preceding academic year structure. Tuition for summer session has generally been assessed on a per-credit hour basis, without tuition plateaus for full-time students.

**Definitions:**

**Tuition:** Tuition supports the direct instruction and administrative costs of each institution’s summer session program. To determine the recommended tuition rates, institutions must balance the fiscal requirements of their summer session programs with market considerations, including tuition rates of competing education providers. Institutions are not required to make a residency determination for summer term but may choose to do so.

**Building Fee:** The building fee is the same for all institutions. The building fee charge for summer session has, in the past, been approximately 75 percent of the academic year rate. For summer 2007, the rate will be $34 per student. ORS 351.170 allows OUS to assess up to $45 per student per term to finance debt service for construction associated with student centers, health centers, and recreational facilities constructed through the issuance of Article XI-F(1) bonds. A pro rata fee is assessed on part-time students.

**Resource Fee:** Resource fees have three forms: universal fees, assessed to all students; programmatic fees, assessed to students admitted to particular academic programs; and, one-time fees for first-term students. Students enrolled under the part-time student fee policy are subject to the resource fees appropriate to specific courses taken. Institutions have the option of assessing resource fees during the summer session at rates comparable to those assessed in the preceding academic year.

**Incidental Fee:** Incidental fee recommendations are generally made by student committees in accordance with a Board-approved incidental fee policy (OAR 580-010-0090) on each campus. In some instances, the student committee recommendations are supported by general campus student referenda.

The funds generated by incidental fees are to be used for “student union activities, educational, cultural, and student government activities, and athletic activities.” The president of each institution reviews the student committee recommendations. Once satisfied with each proposal, presidents submit recommendations to the Chancellor, who, after review, submits proposals to the Board. There are fewer incidental fee supported activities during the summer term, resulting in significantly lower rates than those assessed during the academic year.

**Health Services Fee:** This fee is used to support each institution’s student health services, which are operated as an auxiliary enterprise on a self-sustaining basis. Optional health insurance policies are also made available by some institutions. During summer sessions, student health services operations function at reduced levels or are not provided at all. The recommended rates reflect these lower levels of activity.
Fee Setting Process:
The summer session tuition and fees proposed in this staff recommendation are the results of institutional decision-making processes. These include institution administration and student committee deliberations. Summer session tuition and fees are recommended by each institution president, reviewed for compliance with various laws, rules, and policies, and presented to the Board for approval.

Summary of Tuition and Fee Changes:

Resident Undergraduate: The 2007 summer session tuition rates for resident undergraduates increased by an average of 3.7 percent over the summer session rates for 2006. Oregon State University is the only institution with summer rates lower than the academic year rate. As part of a long-term strategy to bring summer tuition into alignment with academic year tuition, the OSU 2007 summer rate increased by 5 percent over 2006.

Nonresident Undergraduate: Undergraduate nonresident rates for the 2007 summer session increased from 3.7 percent to 5.0 percent for all institutions except for Western Oregon University and Portland State University. PSU nonresident undergraduate rates for students enrolled in 1-8 credit hours will increase by 286 percent. PSU currently charges the resident rate to nonresidents taking 1-8 credit hours, Nonresidents enrolled in nine or more hours pay a nonresident rate. This fee book change extends the nonresident rate to nonresidents enrolled in1 or more credits.

WOU is eliminating the practice of assessing nonresident summer students the resident rate. This change results in a 55 percent increase in the nonresident undergraduate rate.

Resident and Nonresident Graduates: Increases for resident and nonresident graduate tuition for the 2007 summer session range from 3 to 9 percent at all campuses with the exceptions being nonresident graduate students at PSU and WOU for the same reasons mentioned in the above paragraph.

2007 Room and Board Rates:
Summer session room and board accommodations on each campus vary according to the need and demand. They may include rates by day, week, multi-week, or term. A combined room and board rate is usually offered, as well as rates for room only, board only, and conference activities. Rates are generally comparable to those for individual terms of the academic year. Student housing facilities operate as auxiliary enterprises and are to be wholly self-supporting.

Public Hearing:
A public hearing regarding the 2007 Summer Session Fee Book was conducted on December 5, 2005, at 10:00 a.m. in Room B214 of Kerr Administration on the OSU campus. No students attended this hearing.
**Staff Recommendation to the Committee:**
The staff recommended that the Board approve the proposed 2007 summer session tuition, fees, and related policies incorporated in this docket. Specifically, staff recommends that the Board amend OAR 580-040-0035 as follows:

**Summer Session Fee Book**  
OAR 580-040-0035  
The document entitled "Summer Session Fee Book 2007," dated January 05, 2007, is hereby amended by reference as a permanent rule. All prior adoptions of summer session fee documents are hereby repealed except as to rights and obligations previously acquired or incurred thereunder. Through the OAR amendment, the Board adopts the document entitled Summer Session Fee Book 2007. The Chancellor will be permitted to authorize minor clerical adjustments to the final document, if necessary.

A full copy of the draft fee book is available from the OUS Budget Operations and Planning Division.

**BOARD DISCUSSION AND ACTION:**

President Lorenzen called upon Associate Vice Chancellor for Budget Operations and Planning, Glen Nelson, to present the item. Following the presentation and a brief discussion, Director Kirby Dyess made the motion to approve the summer session fee book and OAR amendment; Director Don Blair seconded; those voting in favor included: Directors Don Blair, Kirby Dyess, Henry Lorenzen, Adriana Mendoza, Dalton Miller-Jones, Tim Nesbitt, John von Schlegell, Gretchen Schuette, Howard Sohn, and Tony Van Vliet. Those voting no: none. Director Gerry Blakney abstained from the vote. Motion carried.

**d. OAR 580-020-0020, Repeal of the Annual Salary Calculation Method for Academic Staff**

**DOCKET ITEM:**

**Staff Report to the Board:**
OAR 580-020-0020 describes a salary calculation method required by a legacy payroll system that was replaced on all campuses between 1998 and 1999. The replacement payroll system is capable of making precise monthly pro-rations in accordance with the terms of academic staff contracts and pay period variations occurring year-to-year in the academic calendar, eliminating the need for the rule.

December 21, 2006, was the last day for public comment on repeal of the rule; no comment was received.

**Recommendation to the Board:**
To eliminate the potential for conflicts between this rule and current payroll calculation methods, staff recommended the Board repeal OAR 580-020-0020, effective on filing.
BOARD DISCUSSION AND ACTION:

Director Lorenzen called upon Ms. Denise Yunker, Human Resources Director, Chancellor’s Office, to present the item. Following the presentation and with no discussion offered, Director Tony Van Vliet made the motion to repeal the rule and Director Don Blair seconded; those voting in favor included: Directors Don Blair, Gerry Blakney, Kirby Dyess, Henry Lorenzen, Adriana Mendoza, Dalton Miller-Jones, Tim Nesbitt, John von Schlegell, Gretchen Schuette, Howard Sohn, and Tony Van Vliet. Those voting no: none. Motion carried.

e. Resolution for the Sale of Articles XI-F(1) and XI-G Bonds

DOCKET ITEM:

<table>
<thead>
<tr>
<th>2007 Spring Bond Sale for Capital Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Four Campuses Served with Fourteen Individual Projects; Three Systemwide Allocation Programs</td>
</tr>
<tr>
<td>A Total of $119,471,590 Recommended for Sale, plus issuance costs for Article XI-F(1) Bonds</td>
</tr>
</tbody>
</table>

Summary:
The staff recommends the Board approve a request to the State Treasurer to issue $70,646,839 of bonds under authority of Article XI-F(1) of the Oregon Constitution and $48,824,751 of bonds for construction projects under authority of Article XI-G of the Oregon Constitution. This sale is currently scheduled to be held in April 2007. The total sale requested is for $119,471,590, plus estimated issuance costs of $1,400,000 for Article XI-F(1) bonds. All projects included in this sale have received both Board and Legislative approval.

Staff Report to the Board:

Background: The 2005 Legislative Assembly has authorized the State Board of Higher Education to issue general obligation bonds, with the proceeds to be used to finance capital construction and facilities repair and renovation projects in higher education. These bonds were authorized under two sections of the Oregon Constitution, Articles XI-F(1) and XI-G.

Article XI-F(1) bonds are issued to construct and repair facilities that are self-financing and self-supporting as determined by the Board, in accordance with Article XI-F(1) of the Oregon Constitution. Bonds of this type have been issued to cover projects for the construction and renovation of auxiliary enterprises space (such as parking facilities or student housing) where the source of debt service is from auxiliary funds. Bonds have also been approved for projects in student facilities (such as student unions, student health facilities, or student recreation...
facilities) where the debt service is repaid from the student building fee. The preponderance of bonds sold for capital construction in higher education has been under Article XI-F(1).

Article XI-G bonds are issued to construct and repair facilities classified as Education and General (E&G) use, including classroom facilities, libraries, teaching laboratories, and general administrative space. These bonds are matched by an appropriation from the state General Fund and are general obligations of the state; the debt service is paid from the General Fund. The Legislature established a mechanism whereby the General Fund match may be generated through gifts and/or federal and local governmental funds. These are first deposited to special project accounts in the Treasury and then treated as General Fund moneys for purpose of the match.


Request for Board Authorization to Issue. Institutions are now seeking authorization from the Board to issue a total of $119,471,590 in bonds plus estimated issuance costs of $1,400,000 for Article XI-F(1) bonds as part of a sale currently planned by the State Treasurer for April 2007.

Of this amount, a total of $70,646,839 is requested in Article XI-F(1) bond authorization, plus Article XI-F(1) bond issuance costs, and a total of $48,824,751 is requested in Article XI-G bond authorization.

Article XI-F(1) bond issuance costs are estimated at 2 percent ($1.4 million) and will be charged against each project for which Article XI-F(1) bonds are sold under this sale.

Prior to sale, the Board’s bond counsel may designate a portion of the sale as taxable, due to space utilization by private entities in the projects to be financed under this sale. Tables A through E and summary information on each of the projects are available from the Board’s Office and include:

- Table A identifies the Article XI-F(1) projects recommended for the April 2007 Bond Sale.
- Table B identifies the Article XI-G projects recommended for the April 2007 Bond Sale.

Tables C through E display information on debt service issues:

- Table C displays the amount of Article XI-F(1) bonds to be sold as well as the estimated annual debt service requirements associated with the projects proposed to be included in the April 2007 Bond Sale by campus and Systemwide.
- Table D displays information on Article XI-G bonded debt, beginning with 1993-1995 through 2005-2007. It compares the amount of the debt service paid with the total biennial budget for E&G all sources and E&G General Fund.
Table E projects annual Article XI-G bonded debt outstanding and annual debt service beginning with the 1997-1999 biennium through 2006-2007, assuming approval of the proposed April 2007 Bond Sale.

Staff Recommendation to the Board:
Staff recommended that the Board adopt the following resolution: (1) finding that the projects for which Article XI-F(1) bonds are proposed meet the self-liquidating and self-supporting requirements of Article XI-F(1), Section 2, of the Oregon Constitution and authorizing the sale of Article XI-F(1) bonds; and (2) authorizing the sale of Article XI-G bonds.

BOARD DISCUSSION AND ACTION:

President Lorenzen called upon Assistant Vice Chancellor for Capital Programs, Capital Construction and Planning, Bob Simonton, to present the item. Following the presentation, Director Don Blair made the motion to approve the resolution and the sale of the Article XI-G bonds; Director Dalton Miller-Jones seconded; those voting in favor included: Directors Don Blair, Gerry Blakney, Kirby Dyess, Henry Lorenzen, Adriana Mendoza, Dalton Miller-Jones, Tim Nesbitt, John von Schlegell, Gretchen Schuette, Howard Sohn, and Tony Van Vliet. Those voting no: none. Motion carried.

f. Resolution for the Sale of Refunding Bonds

DOCKET ITEM:

Authorizes refunding bonds to achieve debt service savings

Summary:
The staff recommends the Board approve a request to the State Treasurer to refund outstanding general obligation bonds to achieve debt service savings. The amount of refunding bonds that are issued will depend on market conditions at the time of the sale.

Staff Report to the Board:
The State Board of Higher Education may have an opportunity to achieve significant debt savings by refunding certain outstanding series of bonds. This will require the issuance of refunding bonds. Authorization for the sale is granted by Oregon Revised Statutes 286.051 and 288.605 through 288.695, inclusive.

For any advance refunding undertaken, the rules of the State Treasury require a minimum 3 percent present value savings net of selling expenses. Current refundings may have lower savings. Maturity lengths will remain unchanged or be shortened. Under no circumstances will maturities be extended.
A sale date has been tentatively set for April 2007. However, Board action to approve the following bond resolution is required before the State Treasurer can arrange for, and proceed with, a refunding sale.

**Staff Recommendation to the Board:**
Staff recommended that the Board adopt a resolution authorizing the issuance and sale of general obligation refunding bonds to achieve debt service savings.

**BOARD DISCUSSION AND ACTION:**

Following the presentation, Director Tony Van Vliet made the motion to adopt the resolution as presented in the docket; Director Don Blair seconded; those voting in favor included: Directors Don Blair, Gerry Blakney, Kirby Dyess, Henry Lorenzen, Adriana Mendoza, Dalton Miller-Jones, Tim Nesbitt, John von Schlegell, Gretchen Schuette, Howard Sohn, and Tony Van Vliet. Those voting no: none. Motion carried.

6. **REPORT ITEMS**

   a. **2007 Governor’s Recommended Budget overview**

**DOCKET ITEM:**

The Governor’s 2007-2009 Recommended Budget for OUS is a very significant positive step in a new direction for higher education. Although it will be acknowledged as the first of many investments needed, it represents the beginning of a new era in higher education finance that will begin to rebuild the funding base for OUS. This budget demonstrates enlightened leadership and emanates from a vision and commitment to a brighter future for Oregon.

This budget also acknowledges the hard work that the Board, institutions, educational partners, faculty, students, supporters, OUS staff, and staff in the Governor’s office have invested in this process. These individuals and entities have provided compelling advocacy, worked collaboratively, and have challenged the status quo to enhance education funding and therefore Oregon’s future.

The Governor has acknowledged and is supporting all the major priorities as identified by the Board during their recent planning sessions. He invests in the System’s most important assets: its students, faculty, and facilities, and invests in research and economic development that will create opportunities for Oregon’s growth industries, including healthcare, sustainability, metals, and other emerging enterprises. This budget acknowledges the work of the Board and suggests the creation of an education enterprise that is unified and state of the art in terms of its synchronization and coordination between and among the sectors. Although structural, funding, and governance differences between the sectors abound, this diversity has created
strength and has unified the education enterprise in a manner that is unique and will create synergies for all Oregonians.

However, this recommended budget is only the first step of many needed to rebuild Oregon’s capacity to educate its citizens, provide cutting edge research, offer value adding services and enhance the state’s economy to ensure Oregon’s future competitiveness and sustainability. Despite significant recommended improvements in state funding in 2007-2009 many OUS institutions will continue to need to make budget reductions in 2007-2009 as many OUS institutions are currently spending well in excess of their revenues and have significantly reduced reserves in the current biennium. Increasing costs coupled with declining enrollments at some institutions and tuition and fee limitations have taken their toll and will require significant reductions in recurring expenditures for these spending plans to come into alignment with recurring revenues.

Highlights of the 2007-2009 Governor’s Recommended Budget include the following:

An enhanced operating budget with investments in instruction; research; public service; preservation of access to a high quality, yet affordable education for all qualified Oregonians; and investments in alignment of the PreK-20 education continuum ($827.1 millions General Fund and $31.5 millions in Lottery Funds):

- Funding for the essential budget level (EBL–$35.2 million);
- Limiting resident UG tuition increases to projected changes in median family income;
- Funding for utility increases ($2.2 million);
- Funding enrollment growth ($14.6 million);
- Investments in quality through investments in faculty and academic capacity (salary increases $8 million as well as reductions in the student faculty ratio $6.9 million);
- Funding to enhance the financial sustainability of the regional campuses and the OSU-Cascades campus ($9 million);
- Investments in key priorities identified by the Board:
  - ETIC ($17 million) – plus $11.8 million in COP authority;
  - Healthcare ($7.4 million);
  - Statewide Public Services–Agriculture Experiment Station, Extension Service and Forest Research ($5.5 million);
  - Rural access ($1.6 million);
  - OSU Natural Resources Institute ($0.25 million);
  - Oregon Solutions project at PSU 1.5 million); and
  - Atlas/Integrated Data Transfer System ($0.8 million).
- Sports and scholarship Lottery funding that is double current funding levels (net after a $4.9 million General Fund offset).

In addition, the Governor’s Recommended Budget includes funding for other programs that both complement and support OUS initiatives, including investments in student aid, research,
economic development, healthcare education programs, and reserves for salary and benefit cost increases in affiliated budgets, including:

- Significant investments in student aid in the OSAC budget with the proposed adoption of the shared responsibility model;
- Investments in collaborative research and economic development programs funded through Oregon Economic and Community Development Department budget ($38.2 million), including:
  - ONAMI ($10 million);
  - Oregon Transitional and Drug Discovery Institute (OTRADI–$7 million);
  - Wave energy research ($5.2 million);
  - Bio-economy and Sustainable Technologies (Oregon BEST–$3.0 million); Manufacturing 21 and metals initiatives ($3.4 million);
  - Food Processing/Seafood ($4.6 million); and
  - Innovation Accelerator Funds ($5.0 million).
- Other investments in healthcare education through collaborative programs with OHSU (included in OHSU’s budget):
  - Medical education collaborations with UO and OSU (Eugene and Corvallis); and
  - Nursing education at WOU.
- Significant reserves in the emergency fund budget for salary and benefit cost increases $130 million statewide with OUS representing approximately 25 percent of the total state employees.

Legislative Concepts:
The Governor’s Recommended Budget also includes a recommendation to proceed with the following OUS legislative concepts as previously submitted by the Board:

- Investment earnings (less General Fund offset of $19.1 million);
- Variable rate and synthetic fixed rate financing mechanisms; and
- Efficiencies in capital budgeting and project approval for self-funded projects.

A very significant capital budget with investments in new capital projects on each campus, capital repairs, deferred maintenance backlogs, and sustainability demonstration projects ($594.5 million, including $91.3 million Article XI-G bonds, $127.6 million Article XI-F(1) funds, $174.9 million Lottery bonds, $47.6 million state Energy Loan Program funds, $11.0 million COPs, and $142.2 million Other Funds):

The recommended 2007-2009 capital budget is one of the best capital budgets for OUS in recent history, including strategic investments in new facilities and full funding for capital repairs and investments in deferred maintenance projects that will significantly reduce the maintenance backlog in OUS and strategic investments in five sustainability demonstration projects:

- New facilities:
  - EOU–Regional Information Center;
  - EOU–Creation of a Hermiston University Center in collaboration with BMCC;
— OIT–Center for Health Professions–Phase II;
— OSU–Pauling Research and Education Building;
— PSU–Science Research and Teaching Center/Hazardous Waste Facility;
— SOU–Theatre Arts Expansion and Remodel;
— UO–Integrative Science Complex, Phase II; and
— WOU–Business/Math/Computer Science Facility.

- Full funding for capital repairs $83.5 million up from $23.6 million in 2005-2007.
- $90 million for deferred maintenance projects reducing maintenance backlogs by 14 percent (from $640 million to $550 million).
- Funding for five sustainability demonstration projects, including:
  - OIT–Geothermal electrical generation ($5 million);
  - OSU–Bio-fuels, wave energy and wind power ($15 million); and
  - Solar power at UO, PSU and multiple regional campuses ($5 million).

The full text of the Governor’s Recommended 2007-2009 higher education budget is included in the appendices as Appendix D (all appendices are available from the Board’s Office).

Summary:
This budget represents one of the most significant investments in higher education in recent history. It will allow the System to preserve access, affordability and serve more students; enhance academic quality; provide greater research and service; invest in economic development; and facilitate the continued collaborative with K-12, community colleges and OSAC. It demonstrates confidence in the System, its institutions, and its people and it represents a commitment to the students and the economy of this state.

BOARD DISCUSSION:
Vice Chancellor Kenton thanked the Board, campus leadership, students, faculty, the Governor’s staff, System staff, educational partners in K-12 and community colleges, and business and community leaders for their contribution in the successful passage of the 2007-2009 Governor’s Recommended Budget. He noted that the Governor is making education a priority in his budget—not just for higher education but for the educational enterprise in its entirety. The University System budget is intertwined and interconnected with the budgets of the Oregon Student Assistance Commission, the Oregon Health & Science University, and the Oregon Economic and Community Development Department. The OECDD budget includes $38.2 million that will support initiatives developed by the Board of Higher Education and the universities will carry out; $7.1 million is included in the OHSU budget for start-up funding to expand medical education in Corvallis and Eugene and to start a nursing education program at WOU. The OSAC budget will include funding to implement the Shared Responsibility Model to preserve the access and affordability goals espoused by the Board. The state’s emergency fund reserve will include $130 million for state employee compensation and benefit cost increases.

Dr. Kenton also highlighted other items in the Governor’s budget that varied from the System’s request.
b. UO, Westmoreland Housing Status Report

President Lorenzen called upon University of Oregon provost, Dr. Linda Brady, to update the Board on the sale of the Westmoreland housing complex. She advised that on September 29, 2006, the UO transferred ownership to Michael R. O’Connell, Sr., selling the property for $18.45 million, with a net proceeds of $17.2 million after closing. She advised that the University established rent mitigation for those remaining in the housing complex, guaranteeing no rental increase through June 2008. They also enabled former tenants to move back into the complex by August 31st without having to pay an application fee and without rent increases for two years. To date, the University has paid $38,000 toward rent mitigation for those eligible student tenants. The University has also agreed to provide relocation assistance grants of $300 to cover the moving expenses of student tenants who elected to move out of the housing complex; to date approximately $39,000 has been expended to support 132 students’ relocation. Significant improvements have been made by the new owner in refurbishing and upgrading the units.

With the sale of Westmoreland, the University has been able to accomplish a number of objectives: the retiring of $10.1 million from the System consolidated debt pool, purchasing the Romania property from the UO Foundation in the amount of $5.2 million, and the balance placed in a dedicated account to be monitored by the University.

At the urging of the Board, the University has developed a student housing strategic plan that will be implemented in two phases. They are presently concluding phase one: identifying broad housing objectives and goals consistent with the UO’s commitment to academic quality and enriching the intellectual life of the campus, and enhancing student success. The size and character of the campus offers opportunities to integrate living and learning in very creative ways. She advised that the Carnegie Commission defines primarily residential universities as institutions that house 25 percent of their undergraduate population on campus. At the UO, they are currently accommodating 21 percent either on campus or in university-supported housing. That is lower than their peers, the average being 32 percent. The goal is to attract more upper-class students to the campus or the near surrounding area of campus in order to enrich the intellectual life of the campus.

Another goal of the strategic plan is to support and enhance the University’s enrollment management goals. “Housing can and should be used as a recruiting tool to attract and retain students to meet the University’s enrollment goals,” she emphasized. “We know that the availability and the quality of student housing influence student and family decisions on the choice of a college or university, particularly for undergraduates. We also believe that housing choices and options are a key factor in the retention of all students and in the recruitment of graduate students.” She advised that the University’s enrollment management council is developing a plan to establish enrollment goals that will examine right sizing of graduate programs, enhancing diversity, recruiting more international students, and maintaining a strong nonresident student population. She added, “We believe that the parallel process of designing
core enrollment management goals and then working from those enrollment management goals to design a housing plan that will support the achievement of those enrollment goals is an appropriate process to follow.”

The second phase of the process will include broad representation from students, faculty, staff, administration, and members of the community to provide opportunity for campus-wide discussion of the concept of a residential university and the kind of programming that could be designed within the residence halls. A housing-needs assessment will be conducted to take a comprehensive look at the desired amount and type of student housing and programming that best fosters interactions outside of the classroom. Then a building analysis will be conducted to determine the current condition of housing facilities and how best to meet those defined housing needs, including the renovation of existing stock, new construction, and public/private sector partnerships, particularly as they look at the near surrounding neighborhood.

Dr. Brady concluded by stating, “The parallel work on the development of the strategic plan, the clear specification of enrollment management goals, and the development of a housing plan that will reinforce the enrollment management goals and the mission and identity of the university that we’re developing in the strategic plan, will ensure that the housing plan that emerges from this process will be more than simply the statement of where the UO is likely to build the next residence hall. We think it’s extremely important that we think about housing and that we make decisions about housing in the context of our overall mission.”

President Lorenzen thanked her for her report and applauded what the University is attempting to accomplish.

7. **COMMITTEE REPORTS**

   a. **Working Groups**

   **Access and Affordability Working Group:** Chair Tim Nesbitt announced his resignation from the Board, effective with the confirmation of his successor. He stated that this is in response to his new position as Deputy Chief of Staff to the Governor. He indicated that he is not leaving because of any inherent conflict of interest or legality but that his time will be severely limited. He complimented the members on their work on the Board and shared that working with them has been a rewarding experience. President Lorenzen thanked Nesbitt for his contributions to the Board and the development of the Shared Responsibility Model, adding that the state owes him “a tremendous debt for that work.”

   b. **Other Board Committees**

   No reports were provided.
8. **PUBLIC INPUT**

   No public input was submitted.

9. **BOARD COMMENTS**

   No other comments were provided.

10. **DELEGATION OF AUTHORITY TO BOARD’S EXECUTIVE COMMITTEE**

    Director Dyess made the motion and Director Blair to approve the delegation of authority to the Executive Committee as presented in the docket. Those voting in favor: President Lorenzen, Don Blair, Gerry Blakney, Kirby Dyess, Adriana Mendoza, Dalton Miller-Jones, Tim Nesbitt, John von Schlegell, Gretchen Schuette, Howard Sohn, and Tony Van Vliet. Those voting no or abstaining: none.

11. **ADJOURNMENT**

    At the conclusion of business, President Lorenzen adjourned the meeting at 3:37 p.m.