MINUTES

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Committee members present included: Chair Kirk Schueler, Lynda Ciuffetti, Allyn Ford, and Farbodd Ganjifard.

Chancellor’s Office staff present included: Vice Chancellor Jay Kenton, Michael Green, Jan Lewis, Di Saunders, Patricia Snopkowski, Marcia Stuart, Charles Triplett, and Alice Wiewel.

Others present included: Vice Presidents Mark McCambridge (OSU), Jamie Moffitt (UO), Craig Morris (SOU), Monica Rimai (PSU), Lon Whitaker (EOU), and Mary Ann Zemke (OIT); and Director of Budget & Payroll Eric Yahnke (WOU). Also in attendance was David Kenney (Oregon BEST). Dan Zalkow, Director of Planning, Sustainability & Real Estate (PSU), and David Lageson, Director of Facilities Operations (EOU) were also present.

Materials for this meeting may be accessed at:  
http://www.ous.edu/state_board/meeting/dockets

1. CALL TO ORDER/ROLL CALL/WELCOME

Chair Schueler called the meeting of the Finance and Administration Committee to order at 8:00 a.m.

2. ACTION ITEMS
   a. OUS, Approval of March 16, 2012 Committee Minutes

      ACTION: Chair Schueler called for a motion to approve the March 2012 Committee minutes; Directors Allyn Ford and Lynda Ciuffetti made the motion and second, respectively. Motion carried.

   b. SOU, Residence Hall Project

Vice President Craig Morris advised that the law firm of Ball Janik is representing SOU as outside counsel on the student housing and dining facilities project and, as such, is required to execute a legal opinion confirming the appropriate authority to execute documents related to the project on behalf of SOU. Due to the broad nature of the Committee’s previous approval, a more specific delegation of approval is required.
ACTION: Chair Schuler called for a motion to specifically authorize SOU to execute and enter into all agreements related to or necessary to effectuate the ground lease transaction with CHF-Ashland, LLC ("CHF") or the issuance of the Revenue Bonds (CHF-Ashland, LLC - Southern Oregon University Housing Project), Series 2012 (the (Bonds"), including, without limitation, the Memorandum of Ground Lease with CHF; the Management Agreement with CHF; the Tax Certificate and Agreement executed by the University, CHF, the Oregon Facilities Authority and Collegiate Housing Foundation; any certificates required in connection with the issuance of the Bonds; and any certificates or affidavits required by First American Title Insurance Company of Oregon. Staff further recommends that the Committee specifically authorize Craig Morris, as Vice President for Finance & Administration at SOU, to execute all the foregoing related documents and the Ground Lease Agreement on behalf of SOU. Directors Lynda Ciuffetti and Allyn Ford made the motion and second, respectively. Motion carried.

3. DISCUSSION ITEMS

a. OUS, 2013-2015 Capital Budget Requests
   i. Portland State University
   ii. Oregon BEST
   iii. Eastern Oregon University
   iv. Oregon Institute of Technology
   v. Oregon State University
   vi. Southern Oregon University
   vii. University of Oregon
   viii. Western Oregon University

Vice Chancellor Jay Kenton provided background. Assistant Vice Chancellor Alice Wiewel noted that OUS facilities include 1,020 buildings at a replacement value of $7.4 billion. The capital program priorities contain eight criteria used to weigh and measure how project proposals measure up, creating the integrated capital request. These include the master plan (5 points), board priorities (30), cost savings (10), critical need (10), campus priority (20), “finish what we started” (5), use of leveraged dollars (10), and sustainability (10), for 100 points possible. In order to achieve the state’s 40-40-20 goal, the Board priorities category has been increased to 30 points; access (capacity)-15, program quality-5, state and community priorities-5, operating budget priorities-5, for a total of 30 points. Committee members recommended eliminating the Master Plan criteria and apply the additional 5 points into the Use of Leveraged Dollars (15 points). Following discussion of the proposed changes to the priority measures, the Committee acknowledged the changes in priority measure points.

With the passage of Senate Bill 253, the System faces a significant challenge of increasing bachelor’s degrees from 29% to 40%, and that challenge drives capital needs to grow enrollment, new capacity, maintaining existing capacity, and working under the current E&G caps. Under the existing facility condition challenges are $715 million backlog of deferred maintenance, $600 million in seismic remediation needs, and the average age of existing
Director Ciuffetti expressed concern regarding the difficulty of meeting 40-40-20 goals without funds to increase facility capacity.

Forty projects have been proposed within the 2013-2015 capital budget request: three Systemwide, six deferred maintenance, eight auxiliary, and 23 Education & General projects, for a total of $966 million.

Vice President Monica Rimai, Portland State University, provided an overview of PSU’s capital requests. The total request is $167.3 million, including six projects (School of Business Administration addition/renovation/deferred maintenance, City Tower acquisition/renovation, Land Acquisition for the University Center Building [currently leased], Neuberger Hall deferred maintenance, East Hall deferred maintenance [historic preservation and modernization], and Peter Stott Center addition/renovation/deferred maintenance [seismic stabilization and expansion]). In response to questions regarding the UCB land acquisition, Dan Delco was introduced. The UCB land acquisition has been proposed due to the instability of the lease holder; however, concern was expressed about the low return on the high cost of the building (4 percent return). Ms. Rimai noted that the concern highlights one of the particular challenges of an urban university.

Mr. David Kenney provided the overview for the Oregon BEST (Built Environment & Sustainable Technologies Center) request, which includes four capital investments that would build on Oregon BEST university partner capabilities and industry demand: #1) green building materials characterization, processing, fabrication, and test facility; #2) bioenergy center; #3) grid connectivity test center; and #4) solar PV development, characterization, and test facility. Synergies are created between BEST and the universities when campuses apply for funds through BEST to build facilities on their campus.

Vice President Lon Whitaker, Eastern Oregon University, highlighted the $20 million Technology Center Phase 1 project (within the Live and Learn Center), noting that stakeholders have expressed a high-level of concern in the increasing online student enrollment and facility deterioration of both the Technology Center and the housing portion of the Live and Learn Center (Phase 2, $9 million). The final project proposal is Phase II of the Inlow Hall renovation ($3.9 million); including improvement of seismic safety, energy efficiency and thermal comfort, access to essential student services and administration, and preserving the historic integrity of the building). Chair Schuler asked about the field house, listed on the auxiliary projects, and Whitaker advised that this project is lower in priority. Wiewel advised that auxiliary projects have traditionally not been prioritized as they are fully funded at the campus level.

Vice President Mary Ann Zemke, Oregon Institute of Technology, provided an overview of their proposals: Engineering and Technology Laboratory building modernization (including the major renovation of Cornett Hall) and the Wilsonville campus. Roadblocks have been experienced within the purchase of the Wilsonville building as the sale of the East Campus property has been delayed and fundraising has been challenging.
Vice President Mark McCambridge, Oregon State University, listed projects as: 1) classroom building project ($65 million); 2) Chemical, Biological and environmental Engineering Building and the Center for Clean Energy and Green Materials ($35 million + $75 million); 3) Cascades Campus expansion (the purchase and renovation of five buildings for development of branch campus in central Oregon, $21.6 million)); 4) housing and dining services facilities upgrades ($9.5 million); 5) modular data center facilities and underground communications infrastructure ($7 million + $10 million); 6) Fairbanks Hall major deferred maintenance project ($8 million). McCambridge noted potential for synergies with the Oregon BEST proposal in their Clean Energy and Green Materials project.

Vice President Craig Morris, Southern Oregon University, listed three project proposals: SOU Co-generation project ($6-12 million, powered by biomass versus natural gas fuels); SOU Theatre ($5.5 million G-bond match); and McNeal Hall deferred maintenance and seismic renovation ($15,875,000). Director Ford noted the instability of the cost in biofuels.

Vice President Jamie Moffitt, University of Oregon, advised that under the Article-G bond request, the #1 priority is the expansion of Straub and Earl Halls, which will address critical classroom needs—providing 1,000 new classroom seats in the academic center of the campus, adds a 550-seat lecture hall and allows renovation of existing 550-seat hall. Other priorities include: renovation and seismic update and deferred maintenance of Chapman Hall; expansion and remodel of the science library; adding a new facility, the Global Studies building; phase 1 of the School of Architecture & Allied Arts (begins to unite the School in one location); Condon Hall seismic upgrade and deferred maintenance (highest need for deferred maintenance, ranking “very poor”); Huestis Hall second floor renovation to modernize and expand the 40-year-old life science research labs); phase 3 of the Museum of Natural & Cultural History (consolidates scattered activities). Two projects were listed for Article-F(1) bond requests: the expansion and renovation of the student recreation center and the university housing expansion. Director Ford asked if the proposed Erb Memorial Student project will be included; students recently voted to delay this project.

Director Eric Yahnke, Budget & Payroll, Western Oregon University, advised that the proposed College of Education facility remains WOU’s top capital priority from the 2011 campus master plan and is strategically aligned with the core mission of the University. Project approval will allow WOU to begin addressing a backlog of campus-wide deferred maintenance and seismic upgrades.

In conclusion, Wiewel advised that the Administrative Council will provide a preliminary prioritization to the Committee on May 11th, with an OUS draft budget submission June 1, comments returned July/August, and full submission September 1. It was noted that the May meeting will need to be rescheduled to accommodate Committee members.

4. **ADJOURNMENT**

With no further business proposed, the meeting was adjourned at 10:00 a.m.