Condition of Board's Plant Rehabilitation Reserves  
As of May 25, 1979, for Fiscal Year Ending June 30, 1979

Staff Report to the Board

I. Board's Reserve for Plant Rehabilitation

Balance as of March 30, 1979

Less: Amounts approved by the Chancellor:

For Computer Center Alterations within Shattuck Hall, PSU
(15,000)

For repairs to amounts approved by Executive Committee (See separate agenda item):

Hot Water pipes in Basic Science Classroom Building, UOHC
(55,000)

Add: Adjustment:

For change in allocation for Library Storage Facilities, Adair, OSU

Original allocation
$50,000

Amount Released
35,800

Balance as of May 25, 1979
$132,470

Board Discussion and Action

The Board received the report as presented.

ADJOURNMENT AND RECONVENING DATE


Adjourned Session of Meeting of May 25, 1979

Vice President Harms called the adjourned session of the regular State Board of Higher Education meeting of May 25, 1979, to order at 10:30 A.M., P.D.T., June 22, 1979, in Room 328-329, Michael J. Smith Memorial Center, Portland State University, Portland Oregon.

The following Board members were present:

Mr. Lester E. Anderson
Mr. Alvin R. Batiste
Mrs. Jane H. Carpenter
Mrs. Betty Feves
Mr. Edward C. Harms, Jr.

Mr. Robert C. Ingalls
Mr. Gregory G. Moore
Mr. William C. Thorp III
Mr. Loren L. Wyss

Absent: Mr. Jonathan A. Ater was absent for business reasons; Mr. Louis B. Perry was out of the state.

Allocations from Board's Reserve for Physical Plant Rehabilitation and Minor Capital Outlay

(Considered by Committee on Finance, Administration, and Physical Plant, June 22, 1979; present--Ingalls, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that the Vice Chancellor for Facilities Planning be authorized to allocate the following amounts, or as much thereof as may be required, from the balance remaining within the Board's reserve for physical plant rehabilitation and minor capital outlay for the fiscal year ending June 30, 1979:
(a) Alterations to the NCO Building at Adair Village for centralized storage of library materials from several institutions $39,200

(b) Rehabilitation of exterior grand staircase north of the Administration Building at Eastern Oregon State College 42,000

(c) Re-roofing of state-owned residence for the Chancellor 10,000

Discussion and Recommendation by the Committee

It was indicated that the revised estimate was somewhat less than $10,000 for the replacement of the roof on the residence and the repair work on the garage. However, the University of Oregon has a substantial number of other buildings in need of roof repairs, and any funds remaining from the $10,000 allocation will be used for other roofing projects at the institution.

The Committee recommended that the Board approve the staff recommendations as presented.

Board Discussion and Action

In response to questions from Mrs. Carpenter concerning staffing and accessibility of materials in the library storage facility, it was explained that there would be a full-time employee at Adair Village. Materials stored there would relieve the overstocked situation on many campuses by providing storage for materials which are seldom used. Dr. Romney indicated this was an interim arrangement and storage would be available to public libraries and other elements of higher education in addition to the State System institutions. Facilities would be available in the center for access to the library holdings.

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, and Wyss. Those voting no: None.

Staff Report to the Committee

To cover the estimated expenditure requirements for three items of work which need to be undertaken within the immediate future, it is proposed that allocations be made from the 1978-79 Board's reserve for physical plant rehabilitation and minor capital outlay in accordance with the provisions of Section 7.145 of the Internal Management Directives:

Library Storage Facilities (Adair Village) $39,200

As reported to the Board within the docket of the May 25, 1979, meeting, bids were received on March 20, 1979, for alterations to two buildings at the former Camp Adair site north of Corvallis for the storage of library materials from several institutions. A contract award was made to accomplish the work for one of these buildings, identified as the Base Exchange Building, at a total cost of $35,800 financed from the maximum allocation of $50,000 which the Board had authorized on July 28, 1978, from the reserve for physical plant rehabilitation and minor capital outlay.

In the report of bids and contract award, it was noted that a commitment had been obtained from the two lowest bidders to hold their proposals on the second unit (the NCO Building) valid until July 1979, with minor adjustments for additional costs related to increases in wage rates. Based upon the lowest proposal, the expenditure requirements for the alterations to this second building are expected to be $39,200, as follows:

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Direct construction costs - Dale
Ramsay Construction Co., Corvallis $35,336

Physical Plant costs and miscellaneous expenses 2,097

Contingencies 1,767

Total $39,200

As part of the program improvements for library operations during 1979-1981, the Ways and Means Committee has approved the Board's request for $100,000 for shelving, shipping costs and other start-up expenses for the central storage facilities at Adair with the understanding that the remodeling expenses totaling $75,000 ($35,800 for the Base Exchange Building and $39,200) would be financed from the Board's rehabilitation reserve. The arrangements for the use of both buildings have been made through an agreement with the owners, the Oregon-Southwest Washington Laborer's Training Trust Fund. The alterations work includes the removal of interior partitions, the enclosure of windows and abandoned doors, selected re-roofing and roof patching, the application of exterior waterproofing, the installation of new hardware, electrical modifications, etc.

Exterior Staircase Rehabilitation, EOSC $42,000

Because of the serious deterioration of the grand Italian stairway north of the Administration Building, which was part of the initial construction of the campus in La Grande in 1929, arrangements were made for a study by Anderson, Perry & Associates, Inc., consulting engineers, to review alternatives for the repair and/or correction of structural and drainage problems at the site, and to prepare cost estimates.

In a report to institutional officials dated May 16, 1979, the engineers indicated that "the stairway has deteriorated to a point where it needs major rehabilitation in some areas immediately. Judging by the amount of movement of the lower wall during the last winter alone, if corrective work is not completed in this area before next winter, the entire wall may be lost. Many other parts of the stairway that we pointed out to you have deteriorated also, but are not of a structural nature and could be repaired sometime in the next few years."

The first priority of work would consist essentially of stabilizing the lower retaining wall which has cracked badly and has moved outward away from the upper stairway platform. The engineers determined that since August 1978, the crack between the wall and the slab at the top of the wall has opened up approximately 2 1/2 inches. They predict that the crack would continue to enlarge until the wall is ultimately toppled. In order to do the corrective work, they recommend that those portions of the stairs and concrete slab directly above and behind the wall be removed to allow for the construction of an adequate drainage system and the construction of additional wall support before these sections are replaced. The estimated cost thereof is $42,000.

The engineers expressed the opinion that if this work were undertaken immediately, the stairway could continue to function satisfactorily for many years, but additional work for the complete rehabilitation of the stairway, including washing and steam cleaning the concrete, replacing some of the badly cracked and spalled sections, cleaning and repairing all existing joints, sealing, etc., will be necessary in the future to prevent further deterioration of the stairway. Assuming that such additional work were done in 1980, the cost is estimated to be $56,000.
Although the engineers did not prepare detailed cost estimates for the complete removal of the stairway and landscaping the steep north bank of the campus, they commented that the cost thereof would be at least as much as the rehabilitation work recommended. They also indicated that the removal and complete replacement of the stairway would cost from three to five times as much as the rehabilitation work.

The current project would be limited to the first priority requirements as described above. Consideration will be given to the remaining rehabilitation needs, or portions thereof, in the review of maintenance and remodeling projects during 1979-80.

Re-roofing of Chancellor's Residence $10,000

The Physical Plant Director at the University of Oregon has reported that the roof on the state-owned residence at 2237 Spring Boulevard, Eugene, which is occupied by the Chancellor, has deteriorated to such an extent that it needs to be replaced this summer. There are several leaks in the roof and the condition of the existing wood shingles is extremely poor. To protect the property and avoid other related maintenance and repair costs, it is recommended that a new roof be installed. The estimated cost of the project, including work on the detached garage, is $10,000. Funds are available within the Board's reserve for physical plant rehabilitation and minor capital outlay.

Proposed Sale of Harsh Estate Property, UOHSC

(Considered by Committee on Finance, Administration, and Physical Plant, June 22, 1979; present--Ingalls, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that the Board's staff be authorized to offer for sale an unimproved lot north of Long Beach, Washington. The minimum acceptable bid price would be $7,500. If the advertised invitation to bid results in no acceptable bids, the staff would proceed to negotiate a sale for cash for not less than the advertised minimum bid price. These procedures are authorized by ORS 273.201, 273.205, 273.211, and 273.216.

Discussion and Recommendation by the Committee

The Committee recommended that the Board approve the staff recommendation as presented.

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, and Wyss. Those voting no: None.

Staff Report to the Committee

The University of Oregon Health Sciences Center has received a third parcel under the estate of Evelyn Treinies Harsh—an unimproved lot north of Long Beach, Washington, in addition to two parcels of property in Portland, each containing a single family residence. (One residence at 1911 N. E. Hancock, Portland, was sold in May; the second at 2546 N. E. 28th Street, Portland, has been advertised during the month of June, and bids will be opened on July 3.) According to Health Sciences Center executives, the property cannot be used to carry out the institution's mission.

In accordance with applicable Oregon statutes, an appraisal was obtained.
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Purchase of McMullen Property, SOSC

(Considered by Committee on Finance, Administration, and Physical Plant, June 22, 1979; present--Ingalls, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that the Vice Chancellor for Facilities Planning be authorized to purchase the McMullen property at 521 South Mountain Avenue, Ashland, at the option price of $71,750. Inasmuch as the property is within the approved projected campus boundaries of Southern Oregon State College and is expected to be used for parking, the purchase would be financed from Article XI-F(1) bond borrowings and/or balances available for auxiliary enterprises within the expenditure authorizations for land acquisition approved by Chapter 592, Oregon Laws 1973 and Chapter 331, Oregon Laws 1975.

Discussion and Recommendation by the Committee

The Committee recommended that the Board approve the staff recommendation as presented.

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, and Wyss. Those voting no: None.

Staff Report to the Committee

The son of Mrs. Maxine McMullen, William L. Linebarger, acting as her trustee, has offered to sell to the Board the property at the corner of Mountain Avenue and Ashland Street, near the southwest edge of the campus of Southern Oregon State College. It is within the area designated for future automotive parking and is adjacent to other properties acquired for this purpose. The lot contains approximately 0.138 acres of land and is improved with a five-bedroom residence with two baths and a garage. The area of the two-story wood frame residence is approximately 2,464 square feet. Currently, it is being rented.

The option price of $71,750 was negotiated and determined on the basis of two independent appraisals recently obtained by the College.

Inasmuch as a balance of approximately $45,725 remains within the expenditure authorization of $170,000 which the 1973 Legislature approved for parking improvements, including land, at Southern Oregon State College, this portion of the acquisition cost would be charged to that item. The remainder would be charged against the expenditure authorization which the 1975 Legislature approved for land acquisition. All of the funds applied to the purchase would be provided from self-liquidating bond borrowings issued under the provisions of Article XI-F(1) and/or from balances available to the institution from auxiliary enterprises (parking operations).

Proposed Sale of Beekman Estate Property, UO

(Considered by Committee on Finance, Administration, and Physical Plant, June 22, 1979; present--Ingalls, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that the Board's staff be authorized to offer for sale 40.25 acres of unimproved land located approximately 18 miles northeast of Medford, Oregon, and approximately 8 miles east of Eagle Point, Oregon. The minimum acceptable bid price would be $30,000. If sold on contract, the minimum acceptable terms would be 25% down, payable on closing, with the balance payable in equal semi-annual installments over a period not to exceed 10 years. Payments would include principal and interest. The rate of interest would be comparable to the prime rate in effect at the time the
property is advertised for bids. If the advertised invitation to bid results in no acceptable bids, the staff would proceed to negotiate a sale for cash or on contract for not less than the advertised minimum bid price. These procedures are authorized by ORS 273.201, 273.205, 273.211, and 273.216.

Discussion and Recommendation by the Committee

The Committee recommended that the Board approve the staff recommendation as presented.

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, and Wyss. Those voting no: None.

Staff Report to the Committee

The property is part of the assets of the estate of Carrie C. Beekman, formerly of Jacksonville, Oregon. The proceeds were turned over to the University of Oregon during 1960. University executives recommend sale of the property because it cannot be used to carry out the mission of the institution.

In accordance with applicable Oregon statutes, an appraisal was obtained. Clearance to sell has been requested of the Department of General Services, and a relinquishment of the state's mineral and geothermal rights has been requested of the Division of State Lands.

Amendment to Internal Management Directive 6.245(6)(a), Commercialization of Inventions

(Considered by Committee on Finance, Administration, and Physical Plant, June 22, 1979; present--Ingalls, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that the Board amend Internal Management Directive 6.245(6)(a) to read as follows:

Licensing and sponsored research agreements shall include provisions:

(a) Prohibiting the use of the name of the researcher, institution, and Board, either directly or implied, in any advertising relating to the commercialization of the product or process or in supporting evidence provided in prospectus literature, and the use of any statements which imply approval of the licensee's or sponsoring agency's marketing techniques, business objectives, or relationships with wholesalers, retailers, or consumers. Exceptions to this policy require Board approval.

Discussion and Recommendation by the Committee

The Committee recommended that the Board approve the staff recommendation as presented.

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, and Wyss. Those voting no: None.

Staff Report to the Committee

During the 1979 Legislative Assembly, House Bill 2885 proposed an amendment to ORS 351.220 which among other things would have prohibited the identification of intellectual property (patents, copyrights, inventions, discoveries, processes, and ideas) for commercial purposes as the product of research by a state institution of higher education without first obtaining written approval of the Board for such identification.
The Bill was subsequently tabled in committee after the Board's staff and institution officials satisfied the sponsor of the bill that the existing Board Administrative Rules and Internal Management Directives adequately protect the state's rights to intellectual property developed on the campuses and are designed to introduce such property for use by the public in the most expeditious manner. In addition, the Board's staff promised to expand IMD 6.245(6)(a) to prevent the name of the researcher, institution, and Board from being identified with a product of research which is to be used for commercial purposes. The proposed amendment accomplishes that purpose.

Commercialization of Inventions, Amendment to IMD 6.245 (5)

It was recommended that the Board delegate to the Vice Chancellor for Administration the authority to make exceptions, based on justifiable need and the circumstances, to the five-year limitation in the length of exclusivity of licensing agreements entered into for the purpose of commercializing an invention developed at an institution.

To implement this recommended revision, the Board's staff suggested the addition of the following words to IMD 6.245 (5):

Exceptions to the length of exclusivity, when justified and recommended by the institution, may be approved by the Vice Chancellor for Administration and the Chancellor.

Discussion and Recommendation by the Committee

Mr. Perry said there should be a provision in the licensing agreements to require commercialization within a certain period of time in order to encourage the development of the invention. Mr. Holmer indicated that there is usually a five-year limitation on the length of exclusivity in order to encourage that development. However, there are circumstances in which five years is not long enough to warrant the investment by a company for the necessary development of the invention. In response to a question, it was stated that there were sufficient instances involving a limited time for decision to justify the proposed change in the Internal Management Directive.

Mr. Ingalls said he favored approval by the Board's staff rather than by the Board but suggested that perhaps more than one individual should be designated to approve the exceptions to the length of exclusivity.

Mr. Holmer said the first checkpoint was the approval recommended by the institution. Requiring approval by two individuals in the Chancellor's Office would be an additional check. The Vice Chancellor for Administration, together with the Chancellor or Chairman of the Board's Finance Committee, would be alternatives. Other suggested alternatives were a member of the Executive Committee of the Board, the President of the institution, and the chairman of the patent committee at the institution. It was pointed out that the patent committee is most familiar with the invention and there is usually an expert on each campus who is well-informed on patents and commercialization of inventions.

Dr. Ray Hawk and President MacVicar explained the procedures on the campuses of the University of Oregon and Oregon State University. The question of disclosure is an extremely important issue in protecting the value of an invention.

In response to questions, it was stated that the patent committee would have authority to recommend the extension of the length of exclusivity for a period from five years to the life of the patent. The recommendation would not be final without approval of the Vice Chancellor for Administration.
The Vice Chancellor for Administration would have authority to approve or disapprove the recommendation from the institution, but not to approve a different length of exclusivity.

The Committee recommended that the Board approve the staff recommendation as amended to add the words "and the Chancellor."

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, and Wyss. Those voting no: None.

Staff Report to the Committee

When the Board approved on May 26, 1978, a major revision of the Administrative Rules and the Internal Management Directives pertaining to inventions, license agreements, education materials development, patents, and copyrights, the Board's staff did not anticipate that some commercial firms with which the Board and institutions wish to develop license agreements might have to invest substantially in further developing the technology introduced by the institution. The substantial research and development costs absorbed by the commercial firm, coupled with the risk it assumes that a patent search may not subsequently result in the issuance of valid patent, warrants the recommendation that IMD 6.245 (5) be amended to provide the Vice Chancellor for Administration with authority to extend the length of an exclusive license agreement beyond the five years and, in some instances, to the life of any patent issued. Without such authority, the staff must bring each case to the Board for its consideration because IMD 6.245 (5) reads:

When it is deemed appropriate to grant an exclusive license, the length of exclusivity shall be limited to that time deemed necessary to provide the licensee with the necessary incentive and opportunity to market the product and recover developmental costs, usually not more than five years from the date of first commercialization of the invention, or the issuance of a patent, whichever comes first, and a non-exclusive license for the life of the patent. Exclusive licenses may include the right of the licensee to sub-license others.

Compliance with the existing Directive limits potential for transferring early-stage technological improvements from the research laboratory of the institution through the research and development department of the commercial firm, and eventually to public use and benefit.

(Considered by Committee on Finance, Administration, and Physical Plant, June 22, 1979; present--Ingalls, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that authorization be granted retroactively to the Executive Director of the Oregon Educational and Public Broadcasting Service for the submission of grant proposals on June 4, 1979, to the National Telecommunications and Information Administration within the U. S. Department of Commerce for assistance in financing two additional projects:

| Request for Approval to Submit Proposals for Federal Matching Funds, OEPBS |
|--------------------------|---------------------|-----------------|
| Federal Grant Request    | Other Funds         | Estimated Total Cost |
| Eastern Oregon Transmitter-Translator Network Expansion | $217,607 | $72,536 | $290,143 |
| Eastern Oregon Radio Microwave Relay System Extension | 12,989 | 4,330 | 17,319 |
In each instance, the amount requested from the federal agency is 75% of the estimated total cost. It is contemplated that the local matching funds of 25% would be sought from state tax funds, although it may be possible to utilize audience contributions for the smaller of the two projects.

Discussion and Recommendation by the Committee

Mr. Hunder commented that in view of the speed with which SB 805 was being processed in the Legislature, it was important to submit the request immediately to the Ways and Means Committee for ratification of the authority to file the grant application. The Chancellor has directed a letter to the Ways and Means Committee seeking an early consideration of the approval for filing the grant applications.

The Committee recommends that the Board approve the staff recommendation as presented. Mr. Ingalls voted no and Mr. Batiste and Mr. Moore voted yes.

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Moore, Thorp, and Wyss. Those voting no: Director Ingalls.

Staff Report to the Committee

In order to meet a filing deadline, with only a limited period of time to obtain and interpret the instructions and regulations of the National Telecommunications and Information Administration within the U.S. Department of Commerce, the staff of the Oregon Educational and Public Broadcasting Service submitted four applications for grant assistance, each with separate transmittals dated June 4, 1979. Two of the proposals were re-submissions of applications previously authorized by the Board and the State Emergency Board (one for the KOAP-TV Transmitter, Tower & Antenna Replacement project and the other for the Eugene Color Studio project—both of which are included within the Board's 1979-1981 capital construction requests), but the other two were new proposals which may be described briefly as follows:

Eastern Oregon Transmitter-Translator Network Expansion

This project would add four microwave hops and four translators to the recently completed transmitter-translator network in Eastern Oregon. The extension of the intercity relay would interconnect the Black Mountain relay station with Burns, Oregon, currently not being served by OEPBS, and would add translators serving the communities of Arlington, Heppner, John Day, and Burns.

This proposed expansion and extension of service to isolated areas of the state is consistent with the long-range development plan for OEPBS. On the basis of comments of legislators during recent hearings on the budget and Senate Bill 805, the Executive Director of OEPBS, Dr. Donald Bryant, concluded that federal assistance should be requested for this work. The application seeks a grant of $217,607, or 75% of the estimated total cost of $290,143. It indicates that the applicant will provide the remaining 25%, or $72,536, from an appropriation of state funds. Inasmuch as this amount was not included in the Board's requests or the Governor's budget recommendations for capital construction during 1979-1981, it is likely that a specific request would need to be presented to the State Emergency Board when and if the federal resources become available, or some alternate financing plan is developed.
Eastern Oregon Radio Microwave Relay System Extension

Similarly, an application has been filed for federal funds of $12,989 out of estimated total expenditure requirements of $17,319 for the further development of the Eastern Oregon radio microwave relay system to permit splitting off the composite KOAP-FM radio signal at the Black Mountain relay station and transmitting it to the transmitter site of KRBM-FM, the station operated by Blue Mountain Community College, Pendleton, where it would be broadcast intermittently, as needed. A second part of the project would be a microwave link from Mt. Fanny, the site of the Board's KTVR-TV (Channel 13), to the transmitter location of KEOL-FM, the station operated by Eastern Oregon State College. Both of these stations look forward to the option of using the OEPBS signal from time to time in their attempts to meet the rules modifications of the Federal Communications Commission relating to low power FM stations.

Dr. Bryant has indicated that this project is compatible with recommendations of the Oregon Educational Coordinating Commission and conforms also to the long-range development plan for OEPBS. The application anticipates that the local matching funds would be provided from an appropriation of state funds, but an alternate plan might be substituted to use audience contributions of $4,330 for this portion of the project budget. If this alternate plan were approved, it would not appear necessary to seek legislative authorization because the total expenditure requirements of $17,319 would be classified as a minor capital improvement project rather than capital construction.

Easement to City of Klamath Falls for Road and Utility Improvements, OIT

(Considered by Committee on Finance, Administration, and Physical Plant, June 22, 1979; present--Ingalls, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that the President and Secretary of the Board be authorized to execute an easement granting to the City of Klamath Falls the use of the western section of Road B on the campus of Oregon Institute of Technology, from the intersection of Campus Way to the west campus boundary, for the development of underground utilities and a roadway for access to the College Industrial Park which is north and west of the campus. The proposed road and utility improvements in this area would also be of benefit to the institution.

Discussion and Recommendation by the Committee

Mr. Hunderup and President Light emphasized that there would be substantial benefit to the city and to the institution. The paving of the road would eliminate a dust problem which exists on both the present city road and the state-owned road. In addition, the institution would have the right to tap into the new water main.

It was stated that any expansion for Oregon Institute of Technology would not be in the direction of the proposed road.

The Committee recommended that the Board approve the staff recommendation as presented.

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, and Wyss. Those voting no: None.

Staff Report to the Committee

The City of Klamath Falls has constructed a 100-foot wide gravel road along the western boundary of the campus of Oregon Institute of Technology to connect campus Roads B and D and to serve the College Industrial Park.
This road is heavily used by the students, faculty, and other staff of the institution and provides a more direct access for truck deliveries to the Physical Plant Warehouse than routing such traffic around the eastern section of the campus.

Institutional officials have advised the Board's Office that the City intends to pave Road B to connect with Campus Drive and also will pave the road running north and south adjacent to the west side of the campus. Funds for this work have been provided to the City through an Economic Development Administration grant. In order to receive and obligate the funds for this purpose, it is necessary that the property be dedicated to the public for use within the City's transportation network.

It is also expected that the City will install a 10-inch water main along the route of the easement on Road B in order to provide the potential for a loop between the water service now available from the City system serving the hospital adjacent to the campus and the wells being developed to serve the College Industrial Park. The City has indicated that this line may be tapped by Oregon Institute of Technology for a back-up water supply source.

Inasmuch as the proposed easement, covering an area about 170 feet wide and approximately 768 feet long, would be of substantial mutual benefit to the City and to the Institute, it is recommended that it be granted by the Board. The form of the agreement for easement has been approved by the Board's attorney.

Staff Recommendation to the Board

Article III, Section 1, of the Board's Bylaws designates the regular meetings of the Board. In order to conform to statutory requirements and the revised meeting schedule discussed with the Board, it was recommended that Article III, Section 1 -- Regular Meetings, be amended as follows:

Section 1 -- Regular Meetings

The Board shall hold at least four (six) regular meetings each year, with meetings to be scheduled at least once every three months. (Meetings are to be held in January, March, May, July, September, and November.)

Board Discussion and Action

The Board requested that the proposed change be placed on the agenda for the July Board meeting in order to allow time for further consideration of the meeting schedule and additional information on the energy situation and travel schedules.

Staff Report to the Board

Article III, Section 1 of the Board's Bylaws presently specifies the number of regular meetings and the months in which they are to be held and reflects the schedule of meetings which has been followed for the past several years.

With the adoption of the amendments proposed in the staff recommendation, Article III, Section 1, would conform to statutory meeting requirements and would be consistent with the revised meeting schedule discussed with Board members as an energy conservation measure. Flexibility would be provided for future modifications to the meeting schedule.
Payment of Employe Retirement Contributions

(Considered by Committee on Finance, Administration, and Physical Plant, June 22, 1979; present--Ingalls, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that the Board's staff be authorized to file appropriate documents with the Public Employes Retirement Board notifying them of this Board's decision to pay the employe member's contribution to the Public Employes Retirement Fund effective for work performed on or after July 1, 1979, or such later date as may be appropriate under the circumstances.

Discussion and Recommendation by the Committee

Mr. Ingalls commented that the Board was being asked to approve the philosophy that an employe does not contribute anything personally to his or her own retirement. Mr. Lemman responded that in a sense the employe does continue to pay because the payment of PERS contributions is in lieu of a salary increase.

Mr. Batiste said that presumably the contribution would be paid in perpetuity. Mr. Lemman agreed but pointed out that a salary increase also would continue. He indicated that the temporary rule to establish the payment of contributions had a provision for cancellation upon 60-days' notice. He said the proposal would result in greater benefit to employes because of the tax advantage. It would be of benefit to the State System because a 6% increase in the net pay would require an improvement of 9% to 10% in the gross salary.

Mr. Batiste asked whether the Ways and Means Committee had accepted this proposal in principle. Mr. Lemman indicated it had not been presented to the Ways and Means Committee as a subject to approve or disapprove. There were no questions, however, at the time of the presentation by the Executive Department of bargaining agreements and the recommendations for employes not subject to collective bargaining.

State employes become fully vested after five years. An employe who resigns in less than five years has no claim on the state's share of retirement contributions. If an employe works more than five years and leaves the contributions in the retirement system, the employe can take both contributions as a retirement benefit. The state's contributions can never be withdrawn in cash, but the employes' contributions, plus interest, can always be withdrawn, either in cash or upon retirement.

The Committee recommended that the Board approve the staff recommendation as presented.

Board Discussion and Action

Mr. Wyss said the third paragraph of the staff report states a requirement that all similarly-situated employes of an employer be treated uniformly. Faculty members would appear to be similarly-situated employes of the State of Oregon. He asked whether the Board actually had a choice if the State of Oregon had already negotiated the proposed PERS contribution payment with its other employes.

Mr. Lemman said that with respect to classified employes there was no choice. The Board has the statutory authority to fix the compensation of its academic employes. It is for this group, plus a few unrepresented classified employes, that authorization is sought to pay the PERS contribution. If the Board did not approve this action, it would be making a specific exception to some employes of the State of Oregon because they were under the jurisdiction of the Board.
Meeting #456

June 22, 1979

Mr. Batiste reiterated his concern about making the decision in perpetuity, although he noted that the temporary rule would include the 60-day termination clause. He said he would be opposed to the Board's giving up the authority to make changes in the event the provision for a 60-day cancellation notice was eliminated from the permanent rule.

Mr. Lemman said it was conceivable that the permanent rule might not provide for a 60-day revocation, but a permanent rule could be amended. It was also his opinion that the retirement board could not adopt a rule which would make the decision on the part of the employer irrevocable and still comply with the Internal Revenue Service requirements.

Mr. Ingalls said that in the proposed action the Board was agreeing to a policy that employees do not contribute to their own retirement. He said he was pleased with the advantages of the plan to the employees and to the State of Oregon but he disapproved of the philosophy.

Mr. Harms pointed out that the employees would still be contributing on the basis of the classification as deferred compensation. The plan would not qualify for exemption under the Internal Revenue Service regulations without the designation as deferred compensation.

The Board approved the Committee recommendation as presented, with the following in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, and Wyss. Those voting no: None.

Staff Report to the Committee

The Oregon Public Employees Retirement Fund is now a "qualified pension trust" under the Federal Internal Revenue Code. This status, among other things, permits an employer to pay contributions required of employees thereby postponing income tax liability until the contributions are withdrawn upon resignation or retirement.

Because of tax treatment, employer payment of the required employee contribution of, for example, 6% of salary gives the employee a substantially larger increase in current take home pay than would a salary increase of 6%.

Retirement System rules require that all similarly-situated member employees of an employer must be treated uniformly regarding the employer payment of contributions. Decisions with respect to bargaining units can be made separately. The staff recommendation is such that all employees not in bargaining units will be covered by the proposed policy and employees in bargaining units will be included or excluded in accordance with negotiated agreements.

Mr. Harms reported that the University of Washington athletic department would receive for the first time state funds in the amount of $320,000 over the next two years for women's athletics. Washington State University would be allocated $300,000 by the Washington Legislature under the same plan. In comparison, the Board's request to the Oregon Legislature for $900,000 for the same purpose, later reduced to $450,000 in the Governor's recommended budget, would appear most reasonable. The Oregon Legislature made no allocation to the State System institutions for this purpose.

Vice President Harms indicated that a nominating committee had been appointed to recommend nominees for the 1979-80 officers of the Board. He requested Mr. Anderson to present the report to the committee.

Mr. Anderson reported that the nominating committee had been composed of Mrs. Feves, Mr. Moore, and Mr. Anderson. The committee recommended that the current officers be reelected for 1979-80, as follows: Mr. Louis B. Ferry, President; Mr. Edward C. Harms, Jr., Vice President; and Mr. Loren L. Wyss as the third member of the Executive Committee.
There being no further nominations, the Board approved a motion that the nominations be closed and the Secretary instructed to cast a unanimous ballot for the slate of officers recommended by the nominating committee. The following voted in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, and Wyss. Those voting no: None. The Secretary cast the ballot as instructed.

The Board meeting was adjourned at 11:45 A.M., June 22, 1979.

Wilma L. Foster, Secretary
Oregon State Board of Higher Education

[Signatures]

Louis B. Perry, President
Wilma L. Foster, Secretary