MINUTES OF REGULAR MEETING OF THE
STATE BOARD OF HIGHER EDUCATION HELD
OCTOBER 26, 1984

MINUTES APPROVED

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PRESIDENT'S REPORT                                            
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ADJOURNMENT                                                  |
A regular meeting of the State Board of Higher Education was held in the Mt. Shasta Room, College Union, Oregon Institute of Technology, Klamath Falls, Oregon.

The meeting was called to order at 10:30 a.m., October 26, 1984, by the President of the Board, Mr. Louis B. Perry, and on roll call the following answered present:

Mr. John W. Altucker
Mr. Alvin R. Batiste
Mr. Gene Chao
Mrs. Harriett J. Flanagan

Mr. Randal D. Gill
Mr. Edward C. Harms, Jr.
Mrs. Janet S. Nelson
Mr. Louis B. Perry

Absent: Miss Walling was out of the state. Mr. Hensley was out of the country. Mr. Petersen was absent for personal reasons.

Mr. Terrence A. Clark, a newly-appointed Board member, was also present but his appointment has not yet been confirmed.

OTHERS PRESENT

Centralized Activities--Chancellor William E. Davis; Secretary Wilma L. Foster; J. L. Hunderup, Vice Chancellor for Facilities Planning; Clarethel Kahananui, Acting Vice Chancellor for Academic Affairs; W. T. Lemman, Vice Chancellor for Administration; Wil Post, Vice Chancellor for Public Affairs; Clifford Smith, Director of CASEERI; Davis Quenzer, Associate Vice Chancellor for Budget and Fiscal Policies; Joe Sicotte, Associate Vice Chancellor for Personnel Administration; R. S. Perry, Associate Vice Chancellor for Administration and Planning Services; Melinda Grier, Compliance Officer; Holly Zanville, Assistant Vice Chancellor for Academic Affairs; Larry Pierce, Executive Assistant to the Chancellor; Ronald Anderson, Assistant Vice Chancellor for Personnel Administration; Tim Marsh, Information Director; Pat Wignes, Assistant Board Secretary.

Oregon State University--President Robert MacVicar; T. D. Parsons, Vice President for Administration; S. D. Bloomfield, Assistant to the President.

University of Oregon--President Paul Olum; Dan Williams, Vice President, Administration; Paul Holbo, Vice Provost.

Oregon Health Sciences University--J. T. McGill, Vice President.

Portland State University--President J. C. Blumel; Margaret J. Dobson, Interim Vice President for Academic Affairs; Orcilia Forbes, Vice President for Student Affairs; Roger Edgington, Interim Vice President for Finance and Administration; D. James Manning, Director, International Trade and Commerce Institute.

Eastern Oregon State College--President David E. Gilbert; James Hottois, Dean of Academic Affairs; James C. Lundy, Dean of Administration.

Oregon Institute of Technology--President Larry Blake; John H. Smith, Dean of Administration; William W. Smith, Dean of Academic Affairs; Tim Stanaway, Dean of Students.

Southern Oregon State College--President Natale A. Sicuro; Ronald Bolstad, Dean of Administration; Ernest E. Ettlich, Dean of Academic Affairs.
Western Oregon State College--President Richard Meyers; William Neifert, Dean of Administration; Bill Cowart, Provost.

Others--Sherry Oeser, Executive Director, Oregon Student Lobby.

MINUTES
APPROVED

The Board dispensed with the reading of the minutes of the last regular meeting held on September 21 and October 9, 1984, and approved them as previously distributed. The following voted in favor: Directors Alltucker, Batiste, Chao, Flanagan, Gill, Harms, Nelson, and Perry. Those voting no: None.

CHANCELLOR'S REPORT

The Chancellor reported that the enrollments in the State System institutions were almost stabilized. There is presently a difference of 128 head count students between this year and last year. It is expected the final figures will be almost identical.

In February 1984, the enrollment was expected to decrease by 1.5% in the fall of 1984. The fourth week enrollment figures for Fall 1984 are considerably above that estimate, with a loss of only .2% in enrollment from Fall 1983.

The Chancellor said he was very pleased with the activities by the institutions to improve enrollments, particularly with the emphasis on the retention of students. He said there had been an extensive discussion with the presidents on reducing the attrition rate through more personal contact with students and by doing a better job of educating them. He noted that the enrollment figures reflected the positive results from the freezing of tuition by the Legislature, thus helping to modify some of the barriers to college attendance.

Reports for November Meeting

The Chancellor indicated he had invited Dr. T. K. Olson, Executive Director of the Oregon Educational Coordinating Commission, to appear at the November Board meeting to review the planning activities of the Commission and how they coordinate with the activities of the State System.

Mr. Jeff Lee, Director of the State Scholarship Commission, also has been requested to report to the Board on the scholarship and loan programs available for students. He will present at that time some information on the budget request of the State Scholarship Commission.

R. W. MacVicar, Designation as President Emeritus, OSU

The Chancellor read the following statement with respect to conferring the status of President Emeritus upon Dr. Robert W. MacVicar, effective with the relinquishment of his duties as president on November 16, 1984.

Officials of Oregon State University, including each of the academic and administrative deans and vice presidents, the president of the Faculty Senate, and the president of the ASOSU, have recommended that the status of President Emeritus of Oregon State University be conferred upon Dr. Robert MacVicar, effective with relinquishment of his duties as President on November 16, 1984. I endorse the recommendation with enthusiasm.

Although there will be several opportunities for the Board and for me to detail the accomplishments of Dr. MacVicar during his tenure as President and to express our admiration and affection for him, I wish to observe that his uniring dedication to the cause of Higher Education, his unselfish service, and his strong and capable leadership in making Oregon State University a vital and excellent academic and research institution all contribute to making this recommendation appropriate.

The Chancellor recommended that the Board approve the designation.

The Board approved the recommendation, with the following voting in favor: Directors Alltucker, Batiste, Chao, Gill, Flanagan, Harms, Nelson, and Perry. Those voting no: None.
The Chancellor indicated that President Byrne would be employed officially on November 1, 1984, would perform some duties for Oregon State University prior to leaving Washington, D.C., and would participate in a meeting of the Association of Land-Grant Colleges and Universities enroute to Oregon. On November 16, Dr. Byrne will assume the duties of president and President MacVicar will be placed on special assignment with the Chancellor's Office in connection with the legislative program throughout the state.

The Chancellor expressed appreciation to President and Mrs. MacVicar who have made the transition very graciously and with every consideration for the incoming president.

Mr. Perry said he was very appreciative of President MacVicar's willingness to assist in the legislative program because his wide knowledge of the state and its educational programs would be very helpful.

The Chancellor reported that the Teacher Standards and Practices Commission in July mandated that all of the new teachers seeking certification for 1985 and subsequent years must pass a new examination called CBEST, California Basic Educational Skills Test. The test will be given for the first time on December 15, 1984.

The Chancellor said the test would have a significant impact on students presently in the colleges of education throughout the state and is causing great concern. The Chancellor explained that the State System had been using the California Aptitude Test since 1981, together with personal interviews, written essay types of examinations, and grade point averages prior to admitting students to the teacher education program.

The concern with the CBEST requirement is that the test is not a professional test to determine one's ability or potential to enter the teacher education program. There is also some concern with the commitment to the principle that the contractual arrangements with a student entering a program should prevail so that the conditions at the time of entry remain throughout the continuous attendance and participation of the student in that program. The Chancellor said it was unconscionable to insert just prior to graduation a new condition for graduation or certification. He noted this consideration had been a factor in the implementation of the new admission requirements for the State System in order that students already in the public schools would have an opportunity to meet them. It was agreed that an exception would be made for those students who would suffer a hardship by meeting the requirement.

The Chancellor said he was prepared to request deferral of this requirement with a starting date of July 1, 1985, so that the present seniors would be certified under the previous criteria. The Chancellor noted the test has been used only for three years in California. Of the 70,000 students who have been tested during that period, between 20% and 30% have failed the examination on the first attempt. He said he would be much more comfortable if the test were measuring professional skills and knowledge needed to be a good teacher rather than being a general intelligence or aptitude test.

The Chancellor indicated that he was not opposed to using tests as screening devices and he supported higher standards and better preparation for teachers. However, he said he had great reservations about the use of this particular test to achieve that goal.

The Board discussed the impact of the proposed test and the importance of seeking some modification to the immediate imposition of this requirement.

The Chancellor indicated he had been discussing the issue with the Governor and other educational entities and would be pursuing at least the deferral of the imposition of the requirement. A further report will be made at the next Board meeting.
The Chancellor reported that Mr. Gary Christensen, Director of Student Services in the Office of School Relations, had completed his survey of the Oregon high school graduates with respect to their post high school plans. He noted that there has been a significant decrease in the percentage of Oregon students who indicate a State System institution as their first choice of college interest. The Chancellor said he believed the image created by the information on low salaries, lack of facilities, loss of faculty, and lack of support was one of the major factors in the loss of these students. Many of the students who go out of state are those with outstanding academic or other achievements, and their loss is a major brain drain from the state.

The Chancellor said he had requested Dr. D. James Manning, Director of the International Trade and Commerce Institute at Portland State University, to present a progress report on the first six weeks and describe the planned future programs of the institute.

The Chancellor said the institute had been fortunate in the appointment of Dr. James Manning from its own business staff as director of the institute.

Dr. Manning described the mission of the institute as a statewide, systemwide educational program charged with the responsibility of generating an international awareness and expertise, utilizing the educational vehicle as a means to increase exports from Oregon to the world's markets. There will be specific emphasis on the Pacific Rim. Dr. Manning said it was his personal goal to see the Institute of International Trade and Commerce, within two years, be able to account for $1 billion in sustained export sales. This would translate into more than 30,000 jobs for Oregonians.

Dr. Manning said international business is the third largest economic activity in Oregon. International trade involves, either directly or indirectly, one out of six citizens in the State of Oregon. However, less than 5% of Oregon's businesses are involved in export marketing and international business, so there is a great opportunity for dramatic expansion.

Dr. Manning explained that the institute is not a degree-granting activity but is very involved in internship programs where students from throughout the State System would have an opportunity to work directly in the international community. He then described some of the programs of the institute during its first six weeks. This information is contained in the written report on file in the Board's Office.

Dr. Manning read the mandate given the institute by Representative Wayne Fawbush at the time of the legislative hearings for the funding to start the institute. These charges included: No duplication, maximum coordination, utilization of existing resources, statewide benefits, measurable results, and broad-based participation. Dr. Manning said he applauded those statements. Coordination is the largest part of the activities of the institute.

Dr. Manning spoke briefly of the future plans, and these are described also in the written report.

He thanked the administration of Portland State University, President Blumel and Vice President Dobson especially, for the assistance which they had given in providing funds, facilities, and staff.

Mr. Perry said he could think of no one at Portland State University or in the State System who would be better prepared than Dr. Manning to head this institute and indicated the Board was certainly appreciative of his accepting the assignment.

The Chancellor commented that the institute has a tremendous potential for the whole System and he was pleased with the interinstitutional cooperation.
Mr. Clark inquired whether the international relationships of medical and dental schools would be part of this trade and commerce activity. Dr. Manning responded that this was a separate issue. The exchange of technology is highly prized, but the emphasis of the institute so far has been in the area of trade and commerce. As the program develops, Dr. Manning said he would like to become involved in these other areas. At the moment, the institute has a period of 90-120 days to demonstrate to the Legislature that it is an outstanding program deserving of support.

**Staff Report to the Board**

**Purchase of Shultz Property, UO**

On October 1, 1984, Ms. Roma Shultz signed an option for the sale of her property at 1528 Villard Street, Eugene, to the Board in the amount of $35,500. The option price is the same as the market value indicated by two separate independent appraisals obtained recently by officials of the University of Oregon, one from Ken Broughton of Reich, Broughton & Sohm, Inc., and the other from Larry Holt, both of Eugene.

The property contains approximately 4,880 square feet of land, or about 0.11 acres. It is within the east campus area designated for student housing within the long-range development plan of the University. Most of the other properties in this area have been acquired by the Board previously.

The single-story, wood-frame residence is more than 50 years old and has a living room, dining room, kitchen, two bedrooms, and bath within a total area of about 860 square feet. There is an attached single-car garage. In the opinion of the appraisers, the improvements are rated from "fair" to "average" condition.

Funds required for the purchase of the property would be provided from proceeds available from the prior sale of bonds under the provisions of Article XI-F(1) of the Oregon Constitution and/or from balances available from housing operations at the University of Oregon.

**Staff Recommendation to the Board**

It was recommended that the Vice Chancellor for Facilities Planning be authorized to purchase the Roma Shultz property at 1528 Villard Street, Eugene, at the option price of $35,500. This property, which measures 48.8 feet by 100 feet (or 0.11 acres) and is improved with a small residence, is located within the approved projected campus boundaries of the University of Oregon and is expected to be utilized for student housing. The purchase would be financed from proceeds from the sale of self-liquidating bonds issued under the provisions of Article XI-F(1) of the Oregon Constitution and/or from balances available from housing operations at the institution. It would be charged against the expenditure limitation of $500,000 established by the 1983 Legislature for land acquisition for auxiliary enterprises.

**Board Discussion and Action**

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Alltucker, Batiste, Chao, Flanagan, Gill, Harms, Nelson, and Perry. Those voting no: None.

**Use of Quasi-Endowment, Jaquet Trust, OSU**

In October 1982 and February 1983, Oregon State University received a total of $46,317.68, with no restrictions, from the Amelia B. Jaquet Trust. In accordance with Board policy, these funds were placed in a Quasi-Endowment (Account 30-432-0003).

Officials of Oregon State University have requested that $35,000 be transferred from the Quasi-Endowment account to finance a portion of the Snell Hall Fifth Floor Remodel Project. The remaining $87,960 of the total estimated budget of $122,960 will come from Account 30-050-7600.
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Staff Recommendation to the Board

It was recommended that Oregon State University's request to utilize $35,000 from a Quasi-Endowment account to finance a portion of the Snell Hall Fifth Floor Remodel Project be approved.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Alltucker, Batiste, Chao, Flanagan, Gill, Harms, Nelson, and Perry. Those voting no: None.

Staff Report to the Board

In January 1984, Oregon State University received $211,118.46 from the Estate of Edmond Emperuer to purchase textbooks and equipment for the College of Veterinary Medicine. In accordance with Board policy, these funds were placed in Quasi-Endowment Account 30-432-1009, with interest earnings to accrue to Account 30-260-8027.

The Dean of the College of Veterinary Medicine at Oregon State University has requested that $65,337 be transferred from the Quasi-Endowment account to Account 30-260-8027 for the purchase of equipment needed to facilitate the teaching and research functions of the College of Veterinary Medicine. Funds required for the purchases were not available in either the initial construction of Magruder Hall or in subsequent state operating appropriations.

Staff Recommendation to the Board

It was recommended that Oregon State University's request to utilize $65,337 from a Quasi-Endowment account to purchase equipment for the College of Veterinary Medicine be approved.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Alltucker, Batiste, Chao, Flanagan, Gill, Harms, Nelson, and Perry. Those voting no: None.

Staff Report and Recommendation to the Board

In accordance with Board regulations, the following Board members represented the Board in approving candidates for degrees and diplomas for the graduating classes at the various institutions during the 1983-84 academic year and summer sessions:

Oregon State University - John W. Alltucker
University of Oregon (Including Fall, Winter, Spring, & Summer 1983-84) - Alvin R. Batiste
University of Oregon Law School - Edward C. Harms, Jr.
Portland State University (Including Fall, Winter, Spring, & Summer 1983-84) - Loren L. Wyss
Western Oregon State College - Linda L. Walling
Southern Oregon State College - Richard F. Hensley
Eastern Oregon State College (Including Summer 1984) - Louis B. Perry
Oregon Institute of Technology - Randal D. Gill
Oregon Health Sciences University - Robert C. Ingalls

Signed copies of the degree lists are on file in the Board's Office.

It was recommended that the Board confirm the actions of these Board members in approving degrees and diplomas.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Alltucker, Batiste, Chao, Flanagan, Gill, Harms, Nelson, and Perry. Those voting no: None.
Appointments to Forest Research Laboratory Advisory Committee

Staff Report to the Board

In accordance with provision of ORS 526.225, the Board of Higher Education approved the establishment on June 13, 1961, of two advisory committees at Oregon State University: the Forest Products Research Advisory Committee and the Forest Management Research Advisory Committee. These committees were subsequently merged into the Forest Research Laboratory Advisory Committee at the July 26, 1971, Board meeting. The 1975 Legislature revised provisions for the Forest Research Laboratory Committee to add three members representing the "public-at-large." Appointments to these positions were made at the Board meeting on August 26, 1975.

Staff Recommendation to the Board

It was recommended that the following appointments and reappointments be made to the Forest Research Laboratory Advisory Committee:

Richard Parrish, Vice President, Boise Cascade Corporation, Box 200, Boise, ID 83701, reappointment for a three-year term, July 1, 1984, to June 30, 1987;

Quincy Powers, Vice President, Willamette Region, Weyerhaeuser Company, P. O. Box 275, Springfield, OR 97477, reappointment for a three-year term, July 1, 1984, to June 30, 1987;

Albert McCready, 2407 N.E. 27th Avenue, Portland, OR 97212, reappointment for a three-year term, July 1, 1984, to June 30, 1987;

Kessler Cannon, Executive Assistant, Association of Oregon Counties, P. O. Box 12729, Salem, OR 97309, reappointment for a three-year term, July 1, 1984, to June 30, 1987;

William Larson, Vice President, Champion International Corporation, P. O. Box 10228, Eugene, OR 97440, reappointment for a three-year term, July 1, 1984, to June 30, 1987;

Charles Shotts, Vice President, Gilchrist Timber Company, Gilchrist, OR 97737, appointment for a three-year term, July 1, 1984, to June 30, 1987;

Dewey Mobley, Vice President, Georgia Pacific Corporation, 500 S.W. 5th, Portland, OR 97204, appointment for a three-year term, July 1, 1984, to June 30, 1987.

Appointment of these individuals will provide for a continuing balance of public members and of forest industry members by industry groups, company size, geographic location, and product orientation. All of the individuals have expressed a willingness to serve if appointed by the Board.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Alltucker, Batiste, Chao, Flanagan, Gill, Harms, Nelson, and Perry. Those voting no: None.

Amendment of OAR 580-21-030, Vacations

Staff Report to the Board

A need exists to clarify several provisions of the existing vacation policy including eligibility, usage, computation of benefits, transfer rights, and payment upon termination. The existing rule contains some of these provisions, and the revisions are in response to problems of administration identified by the campuses. In other areas, such as vacation payment upon termination, the existing rule is silent, and the new language will provide for consistent administration of the vacation benefit throughout the System.
Staff Recommendation to the Board

It was recommended that the Board amend OAR 580-21-030, Vacations, by substituting for the existing language, the language set forth below:

VACATIONS

580-21-030 (1) Eligibility. Vacation means absence from work permitting rest and recreation for a specified period of time during which regular compensation continues. Academic staff gain vacation privileges only if employed at .50 FTE or more on a twelve-month appointment.

(2) Computation. Eligible academic employees receive vacation allowance on their vacation anniversary, which is the date on which they first completed eleven months of continuous service with the Department of Higher Education. An employee who terminates before completing eleven months of continuous service receives no vacation allowance and is not entitled to compensation for such an allowance upon termination. However, academic staff may take a pro-rated amount of vacation after the first six months. A nine-month employee appointed to a twelve-month contract may count service on the most recent nine-month contract toward completion of the eleven-month vacation anniversary requirement. Eligible employees on a 1.0 FTE, twelve-month contract receive 176 hours of vacation allowance on their vacation anniversary; eligible employees on less than 1.0 FTE but .50 FTE or more, receive an allowance proportional to their FTE.

(3) Maximum Accrual and Carry-over. Vacation allowance is available to the academic employee to use in the subsequent twelve-month period beginning with the employee’s vacation anniversary. The vacation allowance expires at the end of the twelve-month period and may not be carried forward into a subsequent twelve-month period except as follows: the institutional president or designee may approve the carry-over of up to eighty hours of vacation time when staffing needs have prevented the employee from utilizing all the vacation allowance within the given twelve-month period. The additional hours of vacation allowance shall expire on the employee’s next vacation anniversary.

(4) Transfer. If an eligible academic employee transfers to another position within the Department of Higher Education and remains eligible for vacation allowance and if the break in service between appointments is thirty days or less, the employee shall transfer all accrued vacation leave to the new position and the employee’s vacation anniversary shall remain unchanged. If the break in service is more than thirty days, all accrued vacation pay will be paid off by the sending institution and a new vacation anniversary date will be established in the new position. If a classified or management service employee of the Department receives an academic appointment within the Department and becomes eligible for vacation privileges, the employee may transfer up to eighty hours of accrued vacation time; the receiving institution may accept up to 176 hours maximum. The former classified or management service employee shall receive cash compensation from the sending institution for any accrued vacation allowance not transferred.

(5) Leave. The accrual of a vacation allowance is reduced on a pro rata basis for periods of leave without pay, sabbatical leave, and educational leave. Vacation time is accrued during other periods of paid leave.

(6) Payment for Accrued Vacation Time. Academic employees are not entitled to payment for unused vacation allowance except upon termination of employment or upon transfer within the Department to another academic position not eligible for vacation benefits. Academic staff who transfer to a classified or management service position within State of Oregon employment are subject to applicable Personnel Division rules or collective bargaining agreements. The maximum number of hours that can be paid upon termination or transfer is 176 hours.
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Budget
Request,
University
Hospital,
OHSU

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(7) **Scheduling and Use of Vacation Leaves.** Vacation leaves are scheduled with the approval of the employee's supervisor and should be planned cooperatively with the employee. Vacation leave should be scheduled in such a manner as to minimize disruption to the organization. Supervisors must be reasonable in allowing the use of vacation time and may not unreasonably deny vacation requests where the result would be the forfeiture of accrued vacation. For purposes of calculation, one normal work day is the equivalent of eight hours of vacation time for a full-time employee.

(8) **Recordkeeping.** Each institution is responsible for maintaining the individual records of vacation accrual and use.

(9) **Alternative Plan.** An institution may, upon receiving written approval from the Vice-Chancellor for Administration, use July 1 as the vacation accrual date for all eligible academic staff.

### Board Discussion and Action

Earlier in the meeting, Mr. Perry said that the time set for the public hearing on the amendment of OAR 580-20-030, Vacations, had arrived and asked if anyone wished to be heard for or against the proposed amendment. There being no response, he declared the public hearing closed.

The Board approved the staff recommendation as presented and on roll call vote adopted the amendment to OAR 580-20-030, Vacations. The following voted in favor: Directors Alltucker, Batiste, Chao, Flanagan, Gill, Harms, Nelson, and Perry. Those voting no: None.

### Staff Report to the Committee

**Background**

At its meeting of July 27, 1984, the Board of Higher Education approved an additional $20 million in General Funds for University Hospital as part of the Board's 1985-1987 Operating Budget Request. Recognizing the special nature of University Hospital and its financing, and feeling it not appropriate to have its needs compete with the other high priority requirements in the instruction and research programs of the State System, the Board singled out this component of its request as an item for special consideration by the Governor and the Legislative Assembly. The Oregon Health Sciences University and the Board's staff indicated that the Board would have the opportunity to consider in detail the proposed use of the additional $20 million. Following is the material in response to that request.

**Issues**

The information prepared for the Board on July 27, 1984, provides descriptive material on the history of and need for funds for University Hospital. In short, the Hospital has been underfinanced through the last decade. It provides charity care at a rate substantially greater than other Portland area hospitals; it bears financial responsibility for teaching-related costs not borne by other hospitals; and it has high operating costs because it must conform to the state government employees' retirement system.

**Indigent Care.** In 1983-84, University Hospital experienced uncollectible charges of $34.4 million or 29% of its billable charges. Of this amount, $25 million or 21% were uncollectible because of the inability of the people it serves to pay for the care provided them; 8% of the charges were uncollectible because certain payors, including the federal Medicare program for older people and the state's welfare program, do not pay the full cost for care provided. The percentage of uncollectibles (or revenue deductions) has remained relatively constant since 1975-76, ranging from a low of 26.9% in 1980-81 to 29.6% in 1975-76. However, the cost of unreimbursed care has risen steadily from $9.7 million in 1975-76 to $34.4 million in 1983-84.
Comparable hospitals in the Portland area average approximately 18% uncollectibles each year. If the University Hospital were to have 18% uncollectibles, rather than the 29% it now bears, there would be nearly $13 million per year less in unreimbursed care.

University Hospital, given its funding limitations, has had to exercise special measures to limit the amount of indigent care. In 1981-1983, in order to deal with a cash deficit, charges for care of poor people in the clinics were established for the first time; obstetric care was no longer available on a "free" basis for those mothers without insurance coverage; and the number of teaching cases was sharply curtailed. The University Hospital must constantly balance its role as a "last resort hospital," the need for patients for teaching purposes, and its financing capability.

Educational Costs. Another characteristic of University Hospital which increases its costs is the function of supporting the University's teaching mission. While other hospitals incur some expenses associated with the teaching of undergraduate medical students, nursing students, residents, and varying types of other health professionals, the magnitude of such costs is considerably less than that experienced by University Hospital. University Hospital has a large burden in terms of the number of students being trained relative to its patient base.

In 1980, the firm of Executive Consultant Group, Inc., was hired to conduct a study to measure the educational costs borne by University Hospital over and above amounts absorbed by community hospitals. This study has been updated to incorporate data from 1983-84. The calculated costs related to the Hospital's educational mission for 1983-84 were $10.5 million, or roughly 10% of its total expenditures. The $4.6 million of these educational costs were directly attributable to incremental staffing and operating expenses, and $5.9 million was due to productivity losses in the ambulatory clinics resulting from the presence of students. These figures do not include productivity losses and thus higher costs in the operating rooms and other service areas of University Hospital which have not been quantified.

Other Cost Issues. In addition to the unreimbursed costs for indigent care and educational costs, University Hospital, as an entity of state government, bears extraordinary costs related to the retirement program for state employes. A conservative estimate of this extra cost is $5 million annually.

The University Hospital is forced to compete with community hospitals in the direct salary it pays to its nursing staff. However, the community hospitals provide retirement-related benefits at about 6% of payroll, whereas the Hospital is required to contribute over 17% of its payroll to the State's Public Employees Retirement System.

Financing. The University Hospital is financed from two basic sources--patient fees and a General Fund appropriation. The General Fund has risen from $26.3 million in the 1975-1977 Biennium to $31.4 million in the 1983-1985 Biennium, a rather modest 19% increase. In contrast, net patient revenue has increased over 260% in that same period. Clearly, the financing of University Hospital has shifted from a reliance on the State General Fund (33% of its revenue in 1975-1977 to 15% in 1983-1985) to patient fees. The increase in patient fee revenues has come as a result of improved management and billing practices and the availability of third-party sources.

In the late 1970's, University Hospital's rates were comparable with those of the other four large metropolitan area hospitals. University Hospital was able to finance its operations from such a rate structure in part because of the relatively higher proportion of State General Funds. With the lack of growth in the General Fund, relative to inflation and increasing unreimbursable charges, the University Hospital has had to generate its needed revenue through large increases in its rates. Because of the Hospital's higher incidence of indigent patients and fixed-payment sponsors such as Medicare and Medicaid, the marginal collection rate in 1984-85 will be only 46.8% of
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any increase in rates. This leaves University Hospital in the position of being about 25% higher priced than comparable community hospitals in Portland while collecting less than half of any rate increase implemented. This situation will only become worse in 1985-1987 if the Hospital's current funding ratios are continued.

Summary. The University Hospital bears annually extraordinary costs of approximately $13 million for indigent care, $10 million for teaching-related costs, and $5 million for extraordinary retirement costs, totaling $28 million. In contrast, in 1983-84, the General Fund provided $15.5 million, leaving unfinanced about $12.5 million in extraordinary costs.

1985-1987 Biennial Budget Request

The Board of Higher Education has requested of the Governor a General Fund increase of $20 million for 1985-1987. The basis for the $20 million request is for the extraordinary costs experienced by the Hospital.

In 1983-1985, the Hospital received $31.4 million in General Fund support. To assist the reader in understanding how these General Fund dollars are applied, the following table is provided to highlight that the present $31.4 million of General Fund finances only a portion of the excess costs related to education and indigent care. No support is provided for the excess retirement costs.

<table>
<thead>
<tr>
<th>(In Millions)</th>
<th>Indigent Care</th>
<th>Educational Costs</th>
<th>Subtotal Indigent Care Educational Cost</th>
<th>Employee Retirement Costs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Estimated--1983-1985</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Costs</td>
<td>$68.8</td>
<td>$21.0</td>
<td>$89.8</td>
<td>$10.0</td>
<td>$99.8</td>
</tr>
<tr>
<td>Costs Borne at Same Percentage as Community Hospitals</td>
<td>42.4</td>
<td>1.0</td>
<td>43.4</td>
<td>-0-</td>
<td>43.4</td>
</tr>
<tr>
<td>Excess Costs Borne by University Hospital</td>
<td>$26.4</td>
<td>$20.0</td>
<td>$46.4</td>
<td>$10.0</td>
<td>$56.4</td>
</tr>
<tr>
<td>General Fund Application, 1983-1985</td>
<td>---</td>
<td>---</td>
<td>31.4</td>
<td>-0-</td>
<td>31.4</td>
</tr>
<tr>
<td>Excess Costs Unfunded by State General Fund, 1983-1985</td>
<td>$---</td>
<td>$---</td>
<td>$15.0</td>
<td>$10.0</td>
<td>$25.0</td>
</tr>
<tr>
<td>Application of $20 Million Request</td>
<td>---</td>
<td>---</td>
<td>15.0</td>
<td>5.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Underfunded Excess Costs</td>
<td>$---</td>
<td>$---</td>
<td>-0-</td>
<td>5.0</td>
<td>5.0</td>
</tr>
</tbody>
</table>

These extraordinary costs unfunded by the State General Fund are presently financed through patient fees. In fact, over the past four years patient fees at University Hospital have been increased by 90% resulting in rates substantially higher than other Portland area hospitals.

The $20 million of additional General Fund dollars requested for 1985-1987 will not fund in total the extraordinary costs which are estimated at $25 million for 1983-1985. However, the application of the $20 million to the Hospital budget will have the effect of reducing the 1984-85 patient fee rates because patient fees would no longer be financing the extraordinary costs.
The reduction of 1984-85 patient fee rates is vital if the Hospital is to operate on a sound financial basis in 1985-1987. The legislatively-approved budget for 1983-1985 anticipated patient fee income of $181.5 million dollars; however, patient fees are expected to generate only $173.3 million dollars. The result is that during 1983-1985, the Hospital reduced its planned expenditures by $8.2 million to meet the available income. Starting from this reduced operating level for 1983-1985, the Hospital in 1985-1987 must budget from patient fee revenues for cost increases due to inflation and anticipated salary adjustments totaling $12.8 million dollars. These additional costs in 1985-1987 must be financed from patient fees. In addition, the Hospital seeks to finance $12.4 million of much needed capital improvements and equipment through bonding. The debt service cost on these bonds will total $4.6 million which must be financed from patient fees. Furthermore, program enhancements are needed to move the Hospital into innovative programs such as an imaging center, allowing the Hospital to become a focus for advancement in the uses of imaging technology; an ambulatory care facility to provide a better setting for the conduct of primary care; the establishment of facilities and recruitment of people related to an aging program; and a home health care program conducted in conjunction with the inpatient and ambulatory services at University Hospital. These planned program additions totaling over $3 million must also be financed from patient fees.

In summary, the $20 million of General Fund dollars will finance an additional $20 million of extraordinary costs making it possible to reduce the 1984-85 patient fee rates. These reduced 1984-85 rates can then be increased in 1985-1987 to cover the projected cost increases and allow for flexibility in the rate structure to finance capital construction items and program additions needed to keep the Hospital vital as a teaching and care facility. If the $20 million is not provided, the Hospital will be forced to raise rates over the presently high 1984-85 rates by 14% in 1985-86 and an additional 8% in 1986-87, in order to finance the increased costs and capital improvements. Rate increases of this magnitude would result in patient fee rates at University Hospital substantially higher than at other Portland area hospitals.

Such a high percentage increase in rates would be necessary because the collectibility factor for rate increases at University Hospital is only 46.8%.

Policy issues for Board consideration:

1. How much of the extraordinary costs related to indigent care, education, and retirement should be borne by the State General Fund? As the discussion above outlines, the $20 million request still leaves unfunded $5.0 million in extraordinary costs. Should an additional $5.0 million be requested to cover all extraordinary costs?

2. The $20 million of General Fund dollars to finance extraordinary costs will make it possible to have patient fee rates in 1985-1987 at or near their actual level in 1984-85. A policy question may be: Should University Hospital be expected to impose a modest rate increase to help finance, in part, its inflationary adjustments? For example, a 4% + 4% rate increase is projected to raise $5.6 million. This $5.6 million could be a direct offset to the $20 million General Fund request.

3. Should the Hospital be allowed to finance $4.6 million of capital improvements and equipment? If the Hospital does not expend the $4.6 million in this manner, it could be applied to reduce patient fee rates, or it could be a direct offset to the $20 million request.

4. Should the Hospital be allowed to expend $3.1 million for program additions? If the Hospital does not expend the $3.1 million in this manner, it could be applied to further reduce patient fee rates, or it could be a direct offset to the $20 million request.
Staff Recommendation to the Committee

The staff reported it had considered the alternatives outlined above in the Policy Issues for Board Consideration and recommended that the Board reaffirm its request for $20 million of General Fund dollars to offset extraordinary costs incurred by the Hospital by approving the revised 1985-1987 Biennial Budget Request as outlined on Attachment A and submit it to the Governor for his consideration.

Attachment A

Oregon Department of Higher Education
Biennial Budget
Program: University Hospital
1985-1987

1984-85 Revised Base Doubled

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Other Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$31,858,628</td>
<td>$173,289,824</td>
<td>$205,148,452</td>
</tr>
</tbody>
</table>

Base Adjustments: 1985-1987

Inflation:

<table>
<thead>
<tr>
<th>Item</th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Payroll Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inflation:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telecommunications 25% + 5.5%</td>
<td>91,330</td>
<td>496,777</td>
<td>588,107</td>
</tr>
<tr>
<td>Fuels &amp; Utilities</td>
<td>45,813</td>
<td>249,192</td>
<td>295,005</td>
</tr>
<tr>
<td>Services &amp; Supplies 5.5% + 5.5%</td>
<td>809,864</td>
<td>4,405,125</td>
<td>5,214,989</td>
</tr>
<tr>
<td>Equipment 5.5% + 5.5%</td>
<td>20,135</td>
<td>109,522</td>
<td>129,657</td>
</tr>
</tbody>
</table>

Estimated Cost of Salary Adjustments

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Other Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,371,000</td>
<td>7,457,000</td>
<td>8,828,000</td>
</tr>
</tbody>
</table>

Decision Packages

1. Fund Extraordinary Costs
   - $20,000,000
2. Finance Capital Improvements (See Attachment B)
   - $0
3. Finance Program Additions
   - $0

Total 1985-1987 Budget Request

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Other Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$54,203,923</td>
<td>$173,742,118</td>
<td>$227,946,041</td>
</tr>
<tr>
<td>Project Description</td>
<td>Equipment</td>
<td>Construction</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>-----------</td>
<td>--------------</td>
</tr>
<tr>
<td>Eye Center</td>
<td>$1,300,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>Replacement of Angiography Laboratory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Augmentation of UHS Major Operating Room Suites</td>
<td></td>
<td>750,000</td>
</tr>
<tr>
<td>Renovate A-Wings (2)</td>
<td></td>
<td>2,000,000</td>
</tr>
<tr>
<td>Upgrade A/B Wing Ventilation System</td>
<td></td>
<td>2,500,000</td>
</tr>
<tr>
<td>Clinical Laboratory Remodeling</td>
<td></td>
<td>1,000,000</td>
</tr>
<tr>
<td>UHS Consolidation of Radiology Services</td>
<td></td>
<td>600,000</td>
</tr>
<tr>
<td>Miscellaneous Surgical and Clinical Laboratory Instruments</td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td>Required Bond Financing</td>
<td>$2,300,000</td>
<td>$10,050,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Issue</th>
<th>Equipment</th>
<th>Construction</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985-86 Issue</td>
<td>$2,300,000</td>
<td>$5,500,000</td>
<td>$7,800,000</td>
</tr>
<tr>
<td>1986-87 Issue</td>
<td></td>
<td>4,550,000</td>
<td>4,550,000</td>
</tr>
<tr>
<td>1985-1987 Total</td>
<td>$2,300,000</td>
<td>$10,050,000</td>
<td>$12,350,000</td>
</tr>
</tbody>
</table>
Discussion and Recommendation by the Committee

Vice President McGill said there were three basic reasons for a University Hospital. The primary one is the educational mission that it serves as a site for the clinical training of students in the health professions. Students learn their clinical skills in that kind of a situation, and approximately 70% of the education of a medical student in the clinical year occurs in University Hospital. The remaining 30% takes place in other hospitals.

A second important function is indigent or unreimbursed care, which covers a broad spectrum from people who do not have the resources to pay part or all of the full cost of the care received. It includes those with no means of support and those who are partially covered by insurance, medical or social service programs, or who may have the means to pay modest costs for their care.

The hospital is also the hospital of last resort to provide special care not found elsewhere.

Dr. McGill then reviewed the financial data presented in the report. He explained the rate structure more fully and the impact of various alternatives which had been considered. He described the implementation of cost reduction measures and improvements in efficiency which have been made or are contemplated. He indicated that some of the projects listed in Attachment B were designed to improve efficiency or reduce costs, particularly as a result of consolidation of services and the operational savings which then would occur.

Responding to a question concerning the funding for the eye clinic, Dr. McGill stated the funding program was under way and would be assisted by the Foundation for Research To Prevent Blindness.

Dr. McGill said funds from the $20 million would be used first to prevent increases in patient fees in their totality. Some fees might go up, but others would decrease. He emphasized the importance of freezing patient fees during the coming biennium. Dr. McGill then mentioned other opportunities for providing health care services.

Mr. Clark commented on the importance of having an adequate patient load to meet the educational needs of students. He suggested the possibility that indigent care services might provide an improvement in the patient load.

Dr. McGill indicated that the $20 million requested would finance many of the extraordinary costs which have been unreimbursed. However, some of these costs still would be unfinanced. For that reason, it would be difficult to increase the amount of indigent care significantly.

In discussing the competitive position of University Hospital with other Portland hospitals, it was indicated University Hospital would be above the other hospitals but the gap would decrease if the rates were frozen. It would be expected that University Hospital always would have slightly higher rates because of its specialty areas.

Mr. Hunderup requested Dr. McGill to reconcile the financing of capital improvements in the amount of $4,617,193, with the $10.5 million of bond financing shown on Attachment B. The $10.5 million would finance the construction listed in Attachment B. The $4.6 million establishes a one-year debt service reserve for equipment and a two-year debt service reserve for the construction of facilities. In addition to building up the debt service reserve, the amount would cover the actual payment of debt service for that part of the 1985-1987 biennium for which the equipment and facilities were in use.

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

Mr. Alltucker said the Committee had discussed the allocation of the $20 million and the effect on the various programs. He said there was extensive discussion with respect to putting a dollar value on the extra costs of the hospital due to its teaching mission. He indicated that the net costs to persons using the facilities would be expected to remain at about the same level in comparison to other Portland hospitals, if the $20 million were allocated to these particular programs.

Mr. Batiste expressed some concern about considering allocation of funds which were not yet appropriated. It was indicated the intent was simply to substitute this document and the information in it for the previous one with respect to the 1985-1987 biennial budget request. If the money were appropriated, the Board would have another opportunity to determine how it should be allocated or used within the hospital.

Mrs. Flanagan said from her observations during her recent experience as a patient at University Hospital the patients were receiving high quality care. She said the staff had certainly given the Board a very accurate description of the problems facing University Hospital. She said it is important to remember that since 1975-1976, the amount of General Fund financing has increased only 19% while patient fees have increased 260%. Patients are essential to a teaching institution, and it should be remembered that hospitals are in a marketing situation. Insurance companies have fixed fees for medical procedures, and the patients then must be concerned about the remaining amount because they will be paying it.

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Alltucker, Batiste, Chao, Flanagan, Gill, Harms, Nelson, and Perry. Those voting no: None.

Staff Report to the Committee

The University of Oregon requests authorization to establish an administrative unit to be known as the Talented and Gifted Institute for the Development of Educational Achievement (TAG-IDEA).

A description of the objectives and possible activities of the institute, and how it will be administered, staffed, and funded is presented in the University's request statement, pp. 4-8 of the document prepared for the Committee on Instruction. A copy is on file in the Board's Office.

Essentially, the institute will provide an administrative identity for a variety of public service activities for gifted and talented students K-12, their parents, and educators concerned with education of the gifted and talented, being carried on by the staff of the College of Education as an outreach of the College's teacher education and research programs.

These activities include summer enrichment programs for talented and gifted students, inservice training for teachers, workshops and seminars, consultation services, and collection and dissemination of resource materials. The activities are now and will continue to be self-supporting. Principal funding sources are federal grants and contracts, foundations, private contributions, and fees charged for services. It is anticipated that formal identification of the institute will make the activities and services more visible, thereby increasing opportunities for funding.

The University has developed considerable faculty expertise and interest in education of the talented and gifted. While all of the teacher education programs offer some courses in this area, the most extensive programs in the State System are master's degree programs at the University of Oregon with emphasis in gifted and talented and a graduate-level summer program at Western Oregon State College.
Staff Recommendation to the Committee

It was recommended that the Board authorize establishment of the Talented and Gifted Institute for the Development of Educational Achievement at the University of Oregon, effective fall term, 1984-85.

Discussion and Recommendation by the Committee

Dr. Paul Holbo, Vice Provost at the University of Oregon, described the summer program for the talented and gifted in which over 450 students from 112 Oregon communities, six other states, and two foreign countries have participated. The proposed program is an attempt to enhance efficiency and have some coordinated administration. Dr. Holbo explained that the title attached to the institute is expected to create a stronger base for grant applications, particularly in terms of scholarships for students so that the less advantaged students can participate in this self-support program. He mentioned legislation designed to encourage additional activity, including teacher preparation for talented and gifted children.

Mr. Batiste asked whether the advisory committees referred to in the proposal would be involved in the development of cooperative programs among the institutions. Dr. Holbo said he was certain this would be the case but they might also develop some joint activities or programs. Some of the opportunities for talented and gifted students were described.

President Olum indicated there was a program for high school students in the sciences in which students work on laboratory research with some of the leading professors. There are also programs in architecture and music.

Dr. Bill Cowart, Provost at Western Oregon State College, said the back-to-basics movement was very commendable but it was also necessary to deal with talented and gifted persons. Western Oregon State College will be proposing a specialization at the master's degree in gifted education in order to prepare teachers with greater ability to develop programs within their schools.

Dr. Margaret Dobson, Vice President for Academic Affairs at Portland State University, said Portland State offered special programs in music and business and outreach programs in the foreign languages. Juniors and seniors in high school have an opportunity to take regular university course work under very careful counselling and supervision.

Dr. Ernest Ettlich, Dean of Academic Affairs at Southern Oregon State College, said these programs represent an excellent example of the State System working together. Faculty at Southern Oregon State College are extremely supportive of the proposal. Dr. Ettlich mentioned that bureaucratic problems of funding credit are appearing in terms of whether students in elementary or secondary school who take work on the college campus should be counted in the college credit hours or as part of the elementary or secondary attendance.

Dr. Ettlich also commented that many of the small high schools do not have teachers who are fully trained in all of the areas, particularly science, and the college then is seeking to identify and assist students who have an interest and ability in specialized fields, even though those students might not be designated as gifted students in a larger school. In the southern Oregon region, many of these students would not have an opportunity to gain any substantial background to launch a college-level career unless Southern Oregon State College offered some of these programs.

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

Board Discussion and Action

Mr. Harms presented the report and recommendation of the Committee. He indicated the activities of the institute will be self-supporting, with the funding sources to be federal grants and contracts. For this reason, it is
desirable to have the identity of the institute, although the activities have been in existence for some time. It is expected that it will then be possible to attract additional grant support.

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Altucker, Batiste, Chao, Flanagan, Gill, Harms, Nelson, and Perry. Those voting no: None.

Staff Report to the Committee

Portland State University requests authorization to discontinue the Northwest Race and Desegregation Assistance Center and to suspend the Central European Studies Center and the Latin American Studies Center.

None of the centers is presently in existence. The Northwest Race and Desegregation Assistance Center was established in 1975 to provide specialized technical assistance to local school districts in Washington, Oregon, and Idaho relative to the efforts of these districts to provide equal educational opportunity to all students. Funds for the center were provided by a grant from the U. S. Department of Health, Education, and Welfare under the Civil Rights Act of 1974, Title IV, as amended. The center has not been funded for a number of years and Portland State University recommends that it be officially discontinued.

The Central European and Latin American studies centers were established in 1965 to coordinate Portland State University's undergraduate certificate programs in these fields. Portland State University has streamlined organization of its international studies programs over the past two years, and program coordinators now report directly to the appropriate academic officers. Portland State University requests authorization to make this reorganization official by the formal discontinuation of the centers.

Staff Recommendation to the Committee

It was recommended that the Board approve discontinuation of the Northwest Race and Desegregation Assistance Center, and suspension of the Central European Studies Center, and the Latin American Studies Center at Portland State University, effective fall term 1984-85.

Discussion and Recommendation by the Committee

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

Board Discussion and Action

In response to a question, Mrs. Kahanui explained that discontinuation of a program would eliminate it completely. Suspension would permit a program to be reinstated without going through the entire procedure for starting a new program. She indicated that international studies are under review and there may be some changes which would make it more desirable to suspend the programs at this time.

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Altucker, Batiste, Chao, Flanagan, Gill, Harms, Nelson, and Perry. Those voting no: None.
Report of Inspection and Acceptance of Housing Improvements (Amazon Housing Gutters and Downspouts, and Painting Perimeter Buildings), UO

Staff Report to the Board

Upon the recommendation of officials of the University of Oregon, the work of the prime contractor for the installation of gutters and downspouts and exterior painting work on sixteen additional units of the Amazon Student Housing Complex was accepted on behalf of the Board as of September 21, 1984, subject to the completion of minor punchlist items.

A revised semi-final project budget is shown below in comparison with the budget reported to the Board on June 22, 1984.

<table>
<thead>
<tr>
<th></th>
<th>Revised Budget 9-21-84</th>
<th>Original Budget 6-22-84</th>
<th>Increase or Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs - Raymond Roth Construction and H. F. Steve Roberts, a Joint Venture, Marcola</td>
<td>$113,178</td>
<td>$111,750</td>
<td>$1,428(1)</td>
</tr>
<tr>
<td>Professional services fees</td>
<td>9,000</td>
<td>9,000</td>
<td>-</td>
</tr>
<tr>
<td>Construction supervision and miscellaneous Physical Plant costs</td>
<td>16,422</td>
<td>7,000</td>
<td>9,422</td>
</tr>
<tr>
<td>Contingencies</td>
<td>-</td>
<td>10,850</td>
<td>(10,850)</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$138,600</strong></td>
<td><strong>$138,600</strong></td>
<td><strong>$ -</strong></td>
</tr>
</tbody>
</table>

(1) Miscellaneous repairs and other contract adjustments incorporated within three approved change orders.

The installation of the gutters and downspouts, involving about $15,000, was part of a larger project, Housing Improvements, for which an expenditure limitation of $1,415,000 was authorized by the Board and the 1981 Legislature. Other portions of the project constituted repairs and maintenance and did not require legislative review and approval.

All of the costs of the work were financed from building repair reserves for student family housing.

RECAPITULATION UPON INSPECTION AND ACCEPTANCE

Project - UO Housing Improvements (Amazon Housing Gutters and Downspouts, and Painting Perimeter Buildings)

Architect - Albert Pastine, Eugene

Board's priority - Portion of No. 14 in 1981-1983 (Auxiliary Enterprises) (Gutters and Downspouts only)

Estimated total project costs | $138,600
Estimated direct construction costs | 113,178
Financing plan: Student family housing reserves | 138,600

Board Discussion and Action

The Board accepted the report as presented.
Report of Acceptance of Veterinary Research Laboratory Remodel, OSU

Staff Report to the Board

Upon the recommendation of officials of Oregon State University, the work of the prime contractor for the Veterinary Research Laboratory Remodel project was accepted on behalf of the Board as of August 31, 1984, subject to the completion of minor punchlist items.

A revised semi-final project budget is shown below in comparison with the budget reported to the Board on April 27, 1984:

<table>
<thead>
<tr>
<th></th>
<th>Revised Budget 8-31-84</th>
<th>Original Budget 4-27-84</th>
<th>Increase or (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs - Mildred Stowitschek dba Confem Co., Salem</td>
<td>$62,365</td>
<td>$57,086</td>
<td>$5,279(1)</td>
</tr>
<tr>
<td>Construction supervision and miscellaneous costs</td>
<td>25,435</td>
<td>25,005</td>
<td>430</td>
</tr>
<tr>
<td>Equipment</td>
<td>5,200</td>
<td>5,200</td>
<td>-</td>
</tr>
<tr>
<td>Contingencies</td>
<td>-</td>
<td>5,709</td>
<td>(5,709)</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$93,000</strong></td>
<td><strong>$93,000</strong></td>
<td><strong>-$</strong></td>
</tr>
</tbody>
</table>

(1) Includes the addition of a steel door and frame, replacement of additional floor tile and base, the revision of heating water supply and return, and other mechanical, electrical and casework modifications incorporated within five approved change orders.

The work of the contract included the upgrading of the existing electrical service, the refurbishing or replacement of interior drain lines, other plumbing changes, the removal of a partition, the replacement of a section of the floor, the installation of floor tile, suspended ceiling and energy-efficient fluorescent light fixtures, heating/ventilating improvements, general painting, and the installation of a fume hood, laboratory benches, shelving and cabinets.

The project expenditures were financed from institutional resources available from the 1982-83 and 1983-84 budget for the College of Veterinary Medicine.

RECAPITULATION UPON INSPECTION AND ACCEPTANCE

Project - OSU Veterinary Research Laboratory Alterations

Architects - OSU Physical Plant Department

Board's priority - Not applicable

Legislative authorization - Not applicable

Estimated total project costs $93,000

Estimated total direct construction costs 62,365

Estimated area remodeled - 6,681 square feet

Financing plan:

1982-83 balances carried forward for this capital improvement from Education and General budget $83,540

1983-84 budget resources of College of Veterinary Medicine 9,460

Total $93,000

Board Discussion and Action

The Board accepted the report as presented.
Staff Report to the Board

Upon the recommendation of officials of Oregon State University, the work of the prime contractor for the replacement of the artificial turf at Parker Stadium was accepted on behalf of the Board as of September 4, 1984, subject to the completion of minor punchlist items. Inasmuch as this was the scheduled completion date, no liquidated damages were assessed and there was no premium for early completion. The work was inspected by the Vice Chancellor for Facilities Planning on September 11.

A revised semi-final project budget is shown below in comparison with the budget prepared following the receipt of proposals on July 27, 1984, as reported to the Board on September 21, 1984.

<table>
<thead>
<tr>
<th></th>
<th>Revised Budget 9-4-84</th>
<th>Original Budget 7-27-84</th>
<th>Increase or Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs -- All-Pro Athletic Surfaces, Inc., Oklahoma City, OK</td>
<td>$321,500</td>
<td>$321,500</td>
<td>-</td>
</tr>
<tr>
<td>Less - Proceeds from sale of old turf</td>
<td>13,000</td>
<td>20,000</td>
<td>(7,000)</td>
</tr>
<tr>
<td>Net</td>
<td>$308,500</td>
<td>$301,500</td>
<td>$ 7,000</td>
</tr>
<tr>
<td>Engineering and construction inspection</td>
<td>10,000</td>
<td>10,000</td>
<td>-</td>
</tr>
<tr>
<td>Physical Plant costs</td>
<td>15,500</td>
<td>2,500</td>
<td>13,000</td>
</tr>
<tr>
<td>Contingencies</td>
<td>-</td>
<td>20,000</td>
<td>(20,000)</td>
</tr>
<tr>
<td>Total</td>
<td>$334,000</td>
<td>$334,000</td>
<td>-</td>
</tr>
</tbody>
</table>

The project costs were financed from institutional resources summarized in the following recapitulation.

RECAPITULATION UPON INSPECTION AND ACCEPTANCE

Project - OSU Parker Stadium Artificial Turf Replacement
Planners - OSU Physical Plant Department
Board's priority - Not applicable
Legislative authorization - Not required (maintenance work)

Estimated total project costs $334,000
Estimated total direct construction costs 308,500

Financing plan:
- Department of Intercollegiate Athletics (50%) $167,000
- Recreational Sports (15%) 50,000
- Education and general operating budget (35%) 117,000

Total $334,000

Board Discussion and Action

The Board accepted the report as presented.
Meeting #517

Report of Bids and Contract Award for Snell Hall Remodel, Phase II, OSU

Staff Report to the Board

On April 27, 1984, the Board authorized the staff to approve the drawings and specifications which were being prepared with the assistance of Architects Jeppsen, Miller & Tobias, Corvallis, for the proposed alterations on the fifth floor of Snell Hall to accommodate the staff of the Development Office and the OSU Foundation. Subsequently, expenditure authorization for the project was endorsed by the State Emergency Board.

Upon the completion and acceptance of the construction documents, bids were solicited for the remodeling. Proposals were received on October 2, 1984, from five contractors, ranging from $76,366 to $89,000. A contract award was made to the lowest bidder and the following tentative budget was approved for the project:

Direct construction costs:
- Contract with Blumenstein, Dean Construction, Inc., Gates, OR: $76,366
- Force account work by Physical Plant Department: 28,800
- Professional services fees: 6,500
- Construction inspection and miscellaneous costs: 3,600
- Contingencies: 7,694
- Total: $122,960

The remodeling involves an area of approximately 8,417 square feet, primarily within the east wing of Snell Hall but extending into a portion of the north wing. It includes the removal of the built-in closets and desks from the former dormitory rooms, the removal of several partitions to create open landscape design offices, mechanical and electrical service revisions, new interior finishes and alterations to former shower and restroom facilities.

Financing is being provided from a combination of unrestricted gift funds ($35,000) and indirect cost allowances from instructional and research contracts and grants ($87,960).

RECAPITULATION UPON RECEIPT OF BIDS AND CONTRACT AWARD

Project - OSU Snell Hall Remodel, Phase II
Architects - Jeppsen, Miller & Tobias, Corvallis
Board's priority - Not applicable
Legislative authorization - Emergency Board (May 25, 1984)

Estimated total project costs: $122,960
Estimated total direct construction costs: 105,166
Estimated area to be remodeled - approximately 8,417 square feet
Scheduled completion - February 1985

Tentative financing plan:
- Gifts and grants: $35,000
- Physical Plant operating account balances (indirect cost allowances from instructional and research contracts and grants): 87,960
- Total: $122,960

Board Discussion and Action

The Board accepted the report as presented.

October 26, 1984
Staff Report to the Board

Upon the recommendation of officials of the Oregon Health Sciences University, which was received in the Board's Office on October 5, 1984, the work of the prime contractor for the alterations for the Emergency Room Radiology Services within University Hospital North was accepted on behalf of the Board as of April 6, 1984, subject to the completion of minor punchlist items. The recommendation for acceptance was deferred until after a change order had been processed this Fall for adjustments to the contract to cover increases for miscellaneous items.

A revised semi-final project budget is shown below in comparison with the budget reported to the Board on January 27, 1984:

<table>
<thead>
<tr>
<th></th>
<th>Revised Budget 4-6-84</th>
<th>Original Budget 1-27-84</th>
<th>Increase or Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs - McCartney-Johnson General Contractors</td>
<td>$84,600</td>
<td>$80,140</td>
<td>$4,460 (1)</td>
</tr>
<tr>
<td>Professional services fees</td>
<td>14,915</td>
<td>15,000</td>
<td>(85)</td>
</tr>
<tr>
<td>Construction supervision and miscellaneous costs</td>
<td>16,485</td>
<td>12,860</td>
<td>3,625</td>
</tr>
<tr>
<td>Contingencies</td>
<td>-</td>
<td>8,000</td>
<td>3,625</td>
</tr>
<tr>
<td>Totals</td>
<td>$116,000</td>
<td>$116,000</td>
<td>-</td>
</tr>
</tbody>
</table>

(1) Includes additional structural, mechanical and electrical revisions incorporated within two approved change orders.

The work of the contract involved the remodeling and enlarging of the radiology facilities of the Emergency Department within an area of approximately 610 square feet in University Hospital North. The work is part of the 1981-1983 program for Hospital and Clinic Rehabilitation and Alterations Projects. Expenditure authorization was granted by the State Emergency Board on April 30, 1982, and August 23, 1983.

All of the project costs are being financed from Article XI-F(1) bond proceeds. Debt service is to be provided from patient fees.

RECAPITULATION UPON INSPECTION AND ACCEPTANCE

Project - OHSU Hospital and Clinic Rehabilitation and Alterations Projects (Emergency Department Radiology Services)

Architects - Chilless Nielsen, Portland

Board's priority - Part of No. 5 in 1981-1983 (Auxiliary Enterprises)

Legislative authorization - Chapter 539, Oregon Laws 1981

Estimated total project costs (this portion only) | $116,000

Estimated direct construction costs (this portion only) | 80,140

Estimated area remodeled - 610 square feet

Financing plan:
Article XI-F(1) bond borrowings | $116,000

Board Discussion and Action
The Board accepted the report as presented.

October 26, 1984
Meeting #517  
Report of Bids and Proposed Contract Award for Institute for Advanced Biomedical Research, OHSU

Staff Report to the Board

Following the completion of the construction documents for the proposed facilities for the Institute for Advanced Biomedical Research at the Oregon Health Sciences University by Zimmer/Gunsul/Frasca Partnership, Architects, and the review and approval thereof by institutional officials and representatives of the federal granting agency, they were accepted on behalf of the Board. Bids were solicited for the project and were opened at 8 p.m. on Tuesday, October 2, 1984. Of the ten general contractors who had fulfilled prequalification requirements, seven firms submitted quotations. Their base bids ranged from a low of $14,966,000 to a high of $16,398,000. Inasmuch as the lowest bid was within the direct construction cost allowance, it was not necessary to consider exercising any of the eleven deductive alternates provided in the bid documents.

A request has been submitted to the Regional Operations for Facilities Engineering and Construction Office in Seattle that authorization be given by the appropriate federal officials for the awarding of a contract to the lowest bidder and that the following tentative post-bid budget be approved for the project:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs</td>
<td></td>
</tr>
<tr>
<td>Prime contract - Todd Building Company, Roseburg</td>
<td>$14,966,000</td>
</tr>
<tr>
<td>Group I (built-in) equipment (to be bid subsequently)</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Professional services fees</td>
<td>1,801,000</td>
</tr>
<tr>
<td>Furnishings and movable equipment</td>
<td>2,045,275</td>
</tr>
<tr>
<td>Construction supervision</td>
<td>108,000</td>
</tr>
<tr>
<td>Miscellaneous Physical Plant and administrative costs</td>
<td>183,000</td>
</tr>
<tr>
<td>Contingencies</td>
<td>407,647</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$21,010,922</strong></td>
</tr>
</tbody>
</table>

Except for gift funds of approximately $220,922 which would cover the cost of items determined to be ineligible for federal reimbursement, principally related to the development of the landscaped courtyard, all of the project costs would be financed from the grant of $20,790,000 approved previously by the U. S. Department of Health and Human Services. No state tax funds are involved in the planning, constructing or equipping of the facilities.

The description of the project remains substantially the same as that reflected in the minutes of the Board meeting of February 24, 1984, when a report was made of the acceptance of the design development phase of planning. Pursuant to Board authorization on June 22, 1984, a request was made to the State Emergency Board to increase the expenditure limitation from $20,790,000 with the understanding that this additional amount of $250,000, or as much thereof as may be required, would be provided from private donations applicable to the site development costs ineligible for federal participation. This request was approved by the Emergency Board on July 20, 1984.

RECAPITULATION UPON RECEIPT OF BIDS

Project - OHSU Institute for Advanced Biomedical Research
Architects - Zimmer/Gunsul/Frasca Partnership, Portland
Board priority - No. 28 in 1983-1985 (Educational and General Plant)
Legislative authorization - Chapter 422, Oregon Laws 1983

Estimated total gross area - 85,660 square feet
Estimated total project cost - $21,010,922
Estimated total direct construction costs, including site work, utilities and built-in equipment - 16,466,000
Average per square foot - $192.22
Tentative schedule:
Contract award - October 1984
Completion - July 1986

Tentative financing plan:
Grant from U. S. Department of Health and Human Services $20,790,000
Private gifts 220,922
Total $21,010,922

Board Discussion and Action

Mr. Hunderup said subsequent to the preparation of the docket material, concurrence had been obtained from the granting agency to make the contract award to Todd Building Company. Construction will start as soon as the contract documents are signed.

The Board accepted the report as presented.

Staff Report to the Board

Based upon the recommendations of officials of the Oregon Health Sciences University, and in accordance with the provisions of OAR 580-50-020, arrangements were made with Chris Billings & Associates, Consulting Engineers, Portland, for feasibility studies, the preparation of drawings, specifications, cost estimates, and other related mechanical engineering services for the benefit of that institution.

Compensation for these services to June 30, 1985, including the reimbursement of related expenses, shall be made on a time and materials basis not to exceed $18,000 without prior written authorization from the Vice Chancellor for Facilities Planning.

Board Discussion and Action

The Board accepted the report as presented.

Staff Report to the Board

Through a supplement to the March 18, 1982, retainer-type agreement with Fletcher/Finch/Farr & Associates, Architects, Portland (now identified as Fletcher Finch Farr Ayotte), for consulting services on miscellaneous projects at the Oregon Health Sciences University, arrangements have been made for the assistance of the Architects in the design, bidding, and contract administration of proposed alterations for the Medical Records Department within the Outpatient Clinic Building. It is contemplated that this work would be accomplished as part of the Hospital and Clinics Rehabilitation and Alterations Projects for which an expenditure limitation of $5,480,000 was authorized by the Board and the 1981 Legislature. Tentatively, this portion of the work is expected to involve total costs of approximately $250,000 to be financed from self-liquidating bond proceeds. Debt service would be provided from patient revenue.

Compensation to the Architects would be based upon time and expenses within limitations totaling $24,580, including fees applicable to interior space planning, furnishings and finishes.

Board Discussion and Action

The Board accepted the report as presented.

Staff Report to the Board

Upon the recommendation of officials of Southern Oregon State College and Architect Donal P. Rounds, the work of the prime contractor for the remodeling and renovation of the Swedenburg House (exclusive of items covered by Change Order 6) was accepted on behalf of the Board as of
August 30, 1984, subject to the completion of minor punchlist items. The additional work authorized by Change Order 6 was accepted as of September 16, 1984.

A revised semi-final project budget is shown below in comparison with the budget reported to the Board on April 27, 1984:

<table>
<thead>
<tr>
<th></th>
<th>Revised Budget 9-16-84</th>
<th>Original Budget 4-27-84</th>
<th>Increase or Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monti's Construction, Klamath Falls</td>
<td>$267,785</td>
<td>$224,629</td>
<td>$43,156(1)</td>
</tr>
<tr>
<td>Drake's Wallcovering &amp; Painting Service, Medford</td>
<td>6,286</td>
<td>6,286</td>
<td>-</td>
</tr>
<tr>
<td>Subtotals</td>
<td>$274,071</td>
<td>$230,915</td>
<td>$43,156</td>
</tr>
<tr>
<td>Professional services</td>
<td>35,016</td>
<td>28,694</td>
<td>$6,322(2)</td>
</tr>
<tr>
<td>Works of art</td>
<td>2,309</td>
<td>2,309</td>
<td>-</td>
</tr>
<tr>
<td>Construction supervision and miscellaneous costs</td>
<td>10,484</td>
<td>10,112</td>
<td>372</td>
</tr>
<tr>
<td>Contingencies</td>
<td>17,970</td>
<td>17,970</td>
<td>-</td>
</tr>
<tr>
<td>Totals</td>
<td>$321,880</td>
<td>$290,000</td>
<td>$31,880(3)</td>
</tr>
</tbody>
</table>

(1) Includes addition of exterior paint removal and repainting which had been bid as an alternate, the pouring of a concrete slab throughout the basement area, miscellaneous other repair and change items approved within a total of six change orders.

(2) Reflects adjustments for extra services during the remodeling work, such as for more frequent job visitations and inspections, assistance with acroterion and works of art, as well as basic fees applicable to change order items.

(3) Includes additional contributions of $29,085 from the SOC Foundation for a major portion of the cost of exterior painting and $2,795 from the Southern Oregon Historical Society as reimbursement of the cost of the concrete slab in the basement.

The work included the replacement of mechanical and electrical systems to meet code requirements, the provision of access for the handicapped and minor alterations to the interior to accommodate the activities of the Southern Oregon Historical Society on the main floor and various offices and conference spaces for the Alumni Director and Development Director of the College and their staffs in the Plunkett Center on the second floor. New restrooms were provided on both levels and a portion of the kitchen was remodeled to create a limited food preparation and serving area. New lighting was added for the various display areas on the first floor and within the several offices on both floors and within the conference rooms on the second floor. Heat pumps were installed and a new enclosed chair lift was constructed at the south side of the building for improved access for handicapped persons. A few changes were made in the room partitions to facilitate traffic patterns and the new space uses. Other finish details included new cabinetry, wall coverings and carpeting in selected areas. Repairs and replacements of portions of the porches and the addition of a sidewalk were included also, along with new exit stairs from the second floor near the new chair lift.

All of the project costs were financed with gift and grant funds. The revised total of $321,880 was well below the expenditure limitation of $380,125 previously approved by the Board and endorsed by the State Emergency Board on February 3, 1984.

The dedication of the Plunkett Center is planned for October 27, 1984.
RECAPITULATION UPON INSPECTION AND ACCEPTANCE

Project - SOSC Swedenburg House Remodel
Architect - Donal P. Rounds, AIA, Medford
Board's priority - No. 30 in 1983-1985 (Educational and General Plant)
Legislative authorization - Chapter 422, Oregon Laws 1983 and the State Emergency Board

Estimated total project costs $321,880
Estimated total direct construction costs 274,071

Financing plan:
- Federal Jobs Bill grant through State Historic Preservation Office $ 40,125
- Other gifts and grants through Southern Oregon College Foundation 281,755

Total $321,880

Board Discussion and Action

The Board accepted the report as presented.

Report of Instruction Committee
Mrs. Nelson said the Committee on Instruction, Research, and Public Service Programs had discussed a tentative agenda for the year, prioritizing the topics with the legislative program in mind.

In December, the Committee will hear a nursing report in the context of developing a statement of mission and objectives in the health field. January will be a meeting of the Committee of the Whole. In February, the Instruction Committee will receive a report on continuing education and off-campus instruction and also a progress report on admissions requirements in the State System and the effect on high school students. Telecommunications technologies for delivery of instruction will be the topic for discussion in March, and the tentative schedule for April will deal with business majors as a high pressure enrollment area plus a report on minority enrollment and services to minority students.

PRESIDENT'S REPORT
Mr. Perry announced that the next regular Board meeting would be held on November 16, 1984, on the campus of the University of Oregon.

Next Meeting Dates
Mr. Perry also thanked Mr. Gill for continuing to serve pending the confirmation hearing for Mr. Clark.

Appreciation to OIT
Mr. Perry expressed the Board's appreciation to President Blake and his staff for the hospitality extended to the Board during its visit.

Election Report
The Chancellor said the next two or three weeks were critical in terms of the election. He noted that the Board and the presidents had signed a resolution in opposition to Ballot Measure 2. He reported that he and Vice Chancellor Post had contacted all 80 legislative candidates personally and had given them a detailed presentation of the same budget that was given to the Governor. There will be a meeting with the Governor on November 5 in which the staff will make a formal presentation of the budget.

Mr. Chao indicated the American Electronics Association had stated its opposition to Ballot Measure 2 and he would provide the Chancellor with a copy of the press release.
Executive Session

Mr. Perry announced that the Board would meet in Executive Session immediately following adjournment for the purpose of discussing litigation with counsel. He said an executive session for this purpose is authorized by ORS 192.660(1)(h). Representatives of the news media may attend, but each representative must agree not to disclose the information discussed. The executive session will be held in the Mt. Thielsen Room of the Student Center.

ADJOURNMENT

The Board meeting was adjourned at 12:15 p.m.

Louis B. Perry, President

Wilma L. Foster, Secretary