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February 17, 1989

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STATE BOARD OF HIGHER EDUCATION
MINUTES OF REGULAR MEETING HELD IN THE GOLD ROOM
ARNOLD DINING HALL, OREGON STATE UNIVERSITY
CORVALLIS, OREGON

FEBRUARY 17, 1989

A regular meeting of the State Board of Higher Education was held in the Gold Room, Arnold Dining Hall, Oregon State University, Corvallis, Oregon.

ROLL CALL

The meeting was called to order at 10:15 a.m., February 17, 1989, by the President of the Board, Mr. Richard F. Hensley, and on roll call the following answered present:

Mr. Robert R. Adams
Mr. John W. Alltucker
Mr. Bob Bailey
Miss Kasey K. Brooks
Mr. Tom Bruggere
Mr. Mark S. Dodson

Mr. Gary Johnston
Mr. Rob Miller
Mr. George E. Richardson, Jr.
Ms. Janice J. Wilson
Mr. Richard F. Hensley

Absent: None.

OTHERS PRESENT

Centralized Activities—Chancellor Thomas Bartlett; Secretary Wilma Foster; W. T. Lemman, Executive Vice Chancellor; Larry Pierce, Vice Chancellor, Academic Affairs; John Owen, Vice Chancellor, OCAPE; Kay Juran, Acting Vice Chancellor, Public Affairs; Jerry Casby, Assistant Attorney General; Holly Zanville, Associate Vice Chancellor, Academic Affairs; Davis Quenzer, Associate Vice Chancellor, Fiscal Policies; R. S. Perry, Associate Vice Chancellor, Administrative and Information Systems Services; George Perneistein, Associate Vice Chancellor, Facilities Division; Joe Sicotte, Associate Vice Chancellor, Personnel Administration; Steve Katz, Controller; Peter Hughes, Director, Internal Audit Division; Melinda Grier, Director, Legal Services; Roger Olsen, Assistant Vice Chancellor, OCAPE; Ron Anderson, Assistant Vice Chancellor, Personnel Administration; Susan Weeks, Director, Institutional Research Services; W. C. Neland, Consultant; Barbara Barrie, Personnel Officer; Virginia Thompson and Gary Egge, Assistants to the Executive Vice Chancellor; Jim Sellers, Director of Communications; Pat Wignes, Assistant Board Secretary.

Oregon State University—President John Byrne; Ed Coate, Vice President, Finance and Administration; Graham Spanier, Vice President for Academic Affairs and Provost; Stefan Bloomfield,
Assistant to the President; John Dunn, representing the Inter-institutional Faculty Senate; Jim Larison, Communications Director; Sea Grant; Pete Fullerton, Associate Vice President; Arnold P. Appleby, Professor, Crop Science Department; Caroline Kerl, Legal Advisor; Kristine Spikes, Assistant to the Director, International Education; Robin Derringer, ASOSU Student Advocate.

University of Oregon—President Paul Olum; Dan Williams, Vice President, Administration; Norman Wessells, Provost.

Oregon Health Sciences University—President Peter Kohler; Robert Koler, Interim Vice President, Academic Affairs; David Witter, Vice President for Administration; Ralph Tuomi, Assistant Vice President, Facilities Management.

Portland State University—Interim President R. N. Edginton; Gary Powell, Acting Vice President, Finance and Administration; R. C. Diman and Michael Reardon, Vice Provosts; Robert Everhart, Dean, School of Education; Gary Nave, Deputy Director, Center for Urban Research in Education.

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

Oregon Institute of Technology—John Smith, Dean of Administration; Chris Eismann, Dean of Academic Affairs.

Southern Oregon State College—President Joseph Cox; Ronald Bolstad, Dean of Administration; Stephen Reno, Dean of Academic Affairs; Robert McCoy, Director, School of Computer Information Systems; Dave Hill, President, ASSOSC.

Western Oregon State College—President Richard Meyers; Bill Nelfert, Dean of Administration; Bill Cowart, Provost.

Others—Walter Hathaway, Director of Research, Portland Public Schools; Susan Shepherd, Research Assistant, Oregon Student Lobby; Irving E. Dayton, Retired, Montana Commissioner of Higher Education; Bart Querry, Vice President for Instruction, Central Oregon Community College; Viviane Simon-Brown, Director, Four-Year Articulation, Central Oregon Community College; Philip D. Aines, Chairman, Central Oregon Council on Higher Education; Jerry Fisher, Public Affairs, Hewlett-Packard.

The Board dispensed with the reading of the minutes of the last regular meeting held on January 20, 1989, and approved them as previously distributed. The following voted in favor: Directors Adams, Bailey, Brooks, Bruggere, Dodson, Johnston, Miller, Richardson, Wilson, and Hensley. Those voting no: None. Director Alltucker was absent from the meeting at this time.
Mr. Hensley read the following letter of commendation which he sent to Mr. W. C. Neland, Associate Vice Chancellor for Facilities Division, at the conclusion of his service in Centralized Activities:

On behalf of every member of the Board, I want to express our gratitude to you for your years of dedication, loyalty, and vision for Oregon's institutions of public higher education.

As associate vice chancellor for facilities, we have confidently relied on you for constructing the buildings that will enable this and future boards to improve instruction, research, and public service far into the 21st century. Current projects on all campuses, all results of cooperation among Governors Goldschmidt and Atiyeh, two sessions of the Oregon Legislature, this Board, and the citizens of Oregon, are of special importance.

As executive vice chancellor, you greatly assisted the state system and this Board at a time when we were moving the system in new directions.

The Board knows of the long hours you have devoted to our work; the system has been enhanced by your commitment to promoting equity for minority contractors, and we have enjoyed first hand your rare wit. (Sometimes I find myself chuckling later about something you've said at a Board meeting.)

For a long time, I am confident, Board members who have known you, co-workers in the chancellor's office who have learned from you, and colleagues on the campuses who have worked with you will be saying, "Bill Neland is one of the great ones."

Mr. Hensley then presented W. T. Lemman, Executive Vice Chancellor, with the following Certificate of Recognition in honor of Honoring W. T. his service as Chancellor:

CERTIFICATE OF RECOGNITION
HONORING
CHANCELLOR W. T. LEMMAN

W. T. Lemman has been a dedicated friend to higher education since joining the Oregon State System in 1950 when our Chancellor was Charles Byrne, our Governor Douglas McKay, and our headcount enrollment about 15,000.
Bill Lemman is a thoughtful public servant upon whom two chancellors, several university presidents, and many boards have relied for his loyalty, for his experienced judgment, and for his unstinting service to the state's public colleges and universities.

Bill, this Board was proud last year to call upon your experience to serve as Chancellor at a time that we were searching for new leadership. We were not only pleased by your enthusiastic response but also delighted with the rich contributions you were able to make during a brief tenure.

As Chancellor, you have set a hard-working, can-do, public-spirited example that will be helpful to Chancellor Bartlett, to the State System, and to this Board. We thank you for your service as Chancellor, even as we anticipate continuing contributions from you today and in the future.

Both Mr. Neland and Mr. Lemman thanked the Board for the statements.

Appreciation to OSU  
Mr. Hensley thanked President Byrne and his staff for an informative and interesting visit to Oregon State University and complimented them on the work they were doing.

CHANCELLOR'S REPORT  
Chancellor Bartlett concurred with Mr. Hensley's remarks about the visit and indicated he had found it a splendid occasion to get a first introduction to important programs at Oregon State University.

OEPP Response to Education Programs  
The Chancellor said the development of the specific campus programs had begun for implementation of the fifth-year education programs approved by the Board in January. He said Mr. Roger Bassett had requested additional time to complete the response on the extended teacher education program from the Office of Educational Policy and Planning. The response is expected about the first of March and will be available at the March 17 Board meeting.

Naming of College Center, WOSC  
The Chancellor reported that President Meyers had recommended the College Center at Western Oregon State College be named the Neil Werner College Center in honor of the late Neil Werner, who was director of the Center for eight years. Mr. Werner endlessly contributed his time, his considerable practical skills, and his personal devotion to the development of that center. Mr. Werner was killed in an accident last July. The Chancellor indicated he would approve the recommendation unless the Board advised otherwise.
The Chancellor stated that the further coordination and development of higher education in the Portland area had emerged as a priority of the Board during its planning meeting in January. As a result, Mr. Hensley, Mr. Dodson, and he had subsequent discussions with Mr. Paul Bragdon and others on this subject. The Chancellor indicated that at the Board's dinner meeting the previous evening, with press present, he had reported on those conversations and had distributed a memorandum describing a proposed commission to address the issues involved in the coordination and development of higher education in the Portland area. A copy of the memorandum is on file in the Board's Office, and copies were available at the Board meeting.

The Chancellor recommended the Board invite Governor Goldschmidt to establish by Executive Order the commission as described in the memorandum. He said such a commission should provide a plan within a specific period of time that could be widely discussed and from which appropriate proposals could then be formulated in time for the next biennium. With the establishment of the commission and what should follow, the state would be embarking on a process that would help to build the consensus necessary to expand services in the metropolitan area, particularly at the graduate research levels.

At the conclusion of the Chancellor's report, Mr. Dodson moved that the Board request the Governor to create and appoint by Executive Order a commission to examine the issues outlined by the Chancellor in his presentation and urge the Governor to adopt in his order the contents of the Chancellor's proposals regarding the commission, scope of the study, staffing, and target schedule and timetable. The motion was seconded, and the following voted in favor: Directors Adams, Bailey, Brooks, Bruggere, Dodson, Johnston, Miller, Richardson, and Hensley. Those voting no: None. Directors Alltucker and Wilson were absent from the meeting at this time.

The Chancellor commented that the matter of searching for and appointing a new president for Portland State University was not an easy matter and was indirectly related to the work of the proposed commission. A strong case could be made that the search process should be established now but delay its work somewhat so names of the finalists would come to the Board about next March when the commission would be issuing its report. The decisions on the person selected and the response from that individual could both be made in light of the commission's report and both parties would enter into the new relationship in clearer circumstances than would be the case in the meantime. The new president would then be able to begin as a participant in building the consensus that should emerge from the report of the commission.
The Chancellor said there were clearly counter arguments but, on balance, that kind of schedule for the search process was the preferred course and he suggested it be followed. The search committee could be identified at the March 1989 meeting, but its intensive work actually would begin in early fall.

The Chancellor expressed his deep regret at having to make a proposal about issues either at or related to Portland State University before having adequate time with faculty and administration at Portland State University to gain their insights and confidence. However, it would not be desirable to wait until the work of the commission is concluded before starting the search, and it is important to begin the work of the commission, assuming the Governor is agreeable.

Vice Chancellor Searches

The Chancellor said searches were beginning for two of the four vice chancellor positions. Dr. Larry Pierce has announced his resignation in June after seven years in the Chancellor's Office as Vice Chancellor for Academic Affairs. Dr. Bartlett said that was a long period of service in a most important and difficult job and commended Dr. Pierce for his hard work, selfless service, and significant contributions. The search process for his successor has begun and the position advertised, with a target of an appointment at the April Board meeting.

The search for the Vice Chancellor for Public Affairs will begin shortly, with June as a possible appointment date to that position.

New Program Proposals

In commenting on his initial personal impressions, the Chancellor said the State System's resources were stretched too thinly as reflected in faculty salaries and program support, and they are too thin to support existing programs the state's citizens need. Under those circumstances, severe tests must be put on any proposals for program expansion or for new programs. Program expansion must be viewed as being in direct conflict with the need for support for what is already being done. The Chancellor indicated he was not saying there could be no new programs but he was suggesting that programs could not be judged chiefly on the basis of individual merit but must be judged instead on their priority against existing programs and the need to make salaries more competitive. At each campus, the question should be whether the new program is more important than adding support for an existing program. The Chancellor said this was a severe test but he believed each campus should be expected to meet it when proposing new programs or expansions of existing ones. The campuses, the students, and the public must not be misled into believing that the approval of a program means the resources will follow. The record seems to indicate things have not been working that way.
The Chancellor said it was important also to look at the fundamental and related problems of resources and determine the gap of State System institutions in comparison even with average levels of salary and program support in relation to peer institutions. Once the size of the gap has been established, it will be possible to begin to develop fundamental strategies and to build consensus for a wise response that seems to fit a practical experience in matching aspirations with resources.

The Chancellor stated there was a classic and proper way for approaching the responsibilities of his position which he had managed to reverse completely due to the timing of his arrival shortly after the start of the Legislative Session. As a result, he had met a great many people in a very short time. His initial impression was that the political people, the university people, and the Board members were impressively able, public-spirited public servants for whom Oregon could and should be grateful. He said it was very impressive to meet the people with whom he would be working at all levels, politically, academically, and organizationally. He stated it was deeply gratifying to be a part of this talented and civilized Oregon enterprise.

Mr. Hensley said he had appointed an ad hoc committee at the Board’s August retreat to assist the Chancellor-designee when appointed in the central office organization and serve as the Board’s liaison for that process. Mr. Dodson was named chairman of the committee, and Mr. Bailey and Mr. Miller were the other members. He requested the committee to work with the Chancellor in the appointments to the vacancies for vice chancellors and the organization of the Chancellor’s Office.

Mr. John Dunn, a member of the Interinstitutional Faculty Senate from Oregon State University, presented a report from the organization. At its meeting on February 10 and 11, the Senate discussed a proposal from Oregon State University regarding tenure relinquishment, expressing a concern about equality of opportunity for faculty throughout the System and about the implications of the elimination of a mandatory retirement age. The group also heard reports on retirement financial planning, SB 618 related to salary structure in the State System, availability of a 12-month pay option, and details regarding the block transfer program.

Mr. Dunn indicated there was concern on the campuses regarding the self-financing of the 2.5% salary adjustment for the 1989-1991 biennium and faculty organizations were encouraged to communicate these concerns to the Governor and appropriate legislators.

The Interinstitutional Faculty Senate discussed its disappointment in the semester decision and passed the resolution shown below. Although the resolution deals with the semester decision, the Senate was more interested in the future decision-making process than in focusing on past history.

-88-
RESOLUTION

The Interinstitutional Faculty Senate objects to the process by which the State Board of Higher Education cancelled the transition of the Oregon State System of Higher Education to the semester calendar. The Board’s reversal of that decision wasted countless hours of faculty and staff time during a period of severe budgetary difficulties and punished institutions for carrying out its own prior decision. While the IFS recognizes the pressures under which Board members must serve and appreciates the conscientiousness and devotion they bring to a very difficult task, it is also bound as the representative body for faculty members in all OSSHE institutions to object when the Board erred in such a fashion.

The IFS does not wish to see this sort of politically-driven reversal repeated. We are now apprehensive that Board-approved fifth-year teacher education programs will be subjected to the same questionable procedure.

Mr. Adams suggested the conditions were different with regard to the fifth-year teacher education program in terms of the amount of preparation for the decision, the hearings, and the entire process. He said he hoped the faculty would not be too apprehensive about the Board’s later decision.

Mr. Dunn stated that faculty members, including administrators, were concerned about the amount of energy and time to be spent in doing the things that need to be done when a state of uncertainty still exists.

Mr. Hensley referred to the comment on the 2+2% self-financing and said the Board through the Chancellor’s Office was working with the presidents of the institutions to develop management plans in connection with the self-financing requirement. He indicated the Board was committed to working as a team with the institutions and encouraged the Interinstitutional Faculty Senate to support the Board in this team effort.

Mr. Dunn indicated the next meeting of the Interinstitutional Faculty Senate would be April 14 and 15 at Western Oregon State College, and Mr. Hensley said a report of that meeting would be made to the Board at its May meeting.

Dr. Robert Everhart, Dean of the School of Education at Portland State University, said he appreciated the opportunity to review two programs central to the Strategic Plan and the State System of Higher Education—the Center for Urban Research in Education (CURE) and the Portland Teacher Plan. Informational materials were distributed for each program.
Dean Everhart said the Strategic Plan contained numerous references to bringing under-represented minorities into higher education. The Portland Teacher Plan deals very fundamentally with this issue, specifically of bringing minorities into the teaching profession. It is a cooperative program created with the hope of alleviating or minimizing the problem and proposes to begin at the middle school level to encourage minorities to consider teaching as a potential career option. Support, counseling, and tutoring would be provided through middle school and high school. Students would be recruited to community colleges, since many minorities are placebound, and provided with tuition support and counseling. They would then be brought into the university with a fair amount of financial aid. Fifteen students are now in the program attending Portland Community College and will be ready within a year to enter Portland State University or any other university they wish to attend. He then described briefly the financial assistance made available to these students.

The Center for Urban Research in Education was authorized by the 1987 Legislature and is a collaborative effort between Portland State University and the Portland Public School District. The purpose is to provide information and data to the decision-makers in the public schools to enable them to create the programs and structure their schools to minimize the dropout rate and provide better educational programs for the increasing number of students who are either dropping out of school or not participating fully in the educational agenda. Dean Everhart reviewed the process for substantial community involvement in CURE.

The research agenda for the next two years and beyond will focus on three basic issues: (1) Reducing the dropout rate, (2) trying to develop effective instructional strategies specifically for at-risk youth, and (3) designing better leadership and organization of schools to be more compatible with students who typically view schools as unfriendly places.

Mr. Bailey asked what impact the program was expected to have on the percentage of minority teachers in the public schools.

Dean Everhart said if 15-20 minority students were brought into the teacher education program each year and most or all were employed in the Portland Public Schools, there would be an immediate and direct impact on the number of minorities teaching in Portland. As the program expands, the graduates probably would be recruited by other districts throughout the state. The percentage of minority teachers in the Portland district is relatively low at the present time, about 11% in the entire district. Throughout the state the percentage is even lower.
Mr. Bruggere said this was a great program and exactly the kind of thing Portland State University should be doing. He said he was curious about success rates and about similar programs in other locations. He asked whether there were any special foreign language issues that might be involved with teaching some of the future teachers to be able to instruct students who do not speak English.

The school of education at Portland State does not train teachers in language or in speaking a foreign language. Language minority is becoming more of an issue within the teaching force because of the diversity of languages evidenced in the public schools.

Dr. Walter Hathaway, Director of Research for the Portland Public Schools, said his district had a desperate need for more role models for minority students in its classrooms. Portland has a minority enrollment of more than 50% in the north and northeast Portland schools. Large sums are spent for minority recruitment throughout the country, but this has not been too productive. The Portland Teacher Plan is an effort to prepare minority teachers within Oregon.

Mr. Hensley mentioned the importance of assigning a teacher mentor for high school teachers and also of having the minority students who were recruited return to the institutions to recruit others.

Acceptance of Design for Basic Science Building and Center for Occupational Disease Research; Amend Expenditure Limit, OHSU

Staff Report to the Committee

Funding to establish the Center for Occupational Disease Research (CODR) at the Oregon Health Sciences University is included in the 1989-1991 Governor’s Budget at $6 million of Other Funds. However, the program for the Center was not totally defined at the time of the budget closure. Subsequently, the focus of the Center on toxicological research has been established.

The Oregon Health Sciences University was authorized by the 1987 Legislative Assembly to construct an addition to its Basic Science Building. Due to the limited sites available at the Oregon Health Sciences University, efforts were made to integrate the Center for Occupational Disease Research and the Basic Science Building addition into a single facility while maintaining distinct identities. The schematic design before the Board successfully accomplishes these purposes. In light of the integration of the two projects into one facility, Oregon Health Sciences University is proposing that the Board authorize the staff to merge these two projects into one.

A Capital Construction Presentation Form was provided with this report on this project. Additionally, architectural presentation boards were available within the Committee room.
The focus of the Center for Occupational Disease Research on toxicology has permitted a more realistic estimate of the cost of constructing such a Center than was possible during 1987. These costs have been tagged at $11 million, up from the $6 million limitation established two years ago. However, the rapid growth in revenues earmarked by state law for the Center for Occupational Disease Research will permit most of this increase to be met from cash on hand. Only $1 million in additional Article XI-F(1) bonds will be required. The funding for the $11 million Center would be changed from $3 million cash and $3 million bonds to $7 million cash and $4 million in bond proceeds. Future Center revenues easily will meet debt service requirements. The budget for the Basic Science Building addition will remain unchanged from its 1987 level of $17.1 million.

Staff Recommendation to the Committee

The staff recommended that the Board accept the schematic design of the Basic Science Building, including the Center for Occupational Disease Research, for the Oregon Health Sciences University, within an expenditure limitation of $17,095,000 of General Fund, Article XI-G bonds and federal funds provided within Chapter 721, Oregon Laws 1987, for the Basic Science Building Addition and an amended limitation of $11 million of Other Funds for the Center for Occupational Disease Research, contained within Senate Bill 5566 before the 1989 Legislative Assembly; and that staff be authorized to direct the institution and its consultants to proceed through completion of design, preparation of construction documents, bidding, and contract award, subject to the approval of the Other Funds limitation increase by the Legislative Assembly and expenditure authorization of the State Emergency Board. The required modification in the 1989-1991 bonding will also be required.

Discussion and Recommendation by the Committee

In response to a question from Mr. Bruggere, Mr. Neland indicated fees and revenues were raised in the worker's compensation process. A portion of those funds have been dedicated to this center by statute. This money has accumulated at a rapid rate and will continue to be used for operating costs once the facility is completed. He also stated he did not think the new reorganization of SAIF for the workers' compensation would dramatically impact this proposal.

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

Mr. Bruggere presented the report and recommendation from the Committee, noting that the growth in the dedicated revenue had been such that it would provide the additional money required for the center.

The Board approved the Committee recommendation, with the following voting in favor: Directors Adams, Alltucker, Bailey, Brooks, Bruggere, Dodson, Johnston, Miller, Richardson, Wilson, and Hensley. Those voting no: None.

Staff Report to the Committee

The schematic design for the Health Sciences Building/Nursing has been completed and is ready for acceptance by the Board. A Capital Construction Presentation Form was provided with the report. In addition, architectural presentation boards were available within the Committee room.

Although $12 million of the $13,875,000 cost for the Nursing Building would be paid for by the Federal Government, this project was not included in the Governor’s 1989-1991 Proposed Budget. The remaining $1,875,000 has been targeted for General Fund dollars.

Therefore, this project will not proceed beyond the schematic design stage until it is approved in the budget. Efforts are underway to convince the Executive Department to reconsider the exclusion of this project from the Governor’s Proposed Budget. The Board will be kept informed of the progress of those discussions. No budget-related action is required from the Board since it already had authorized the staff to request the inclusion of the School of Nursing Building in the 1989-1991 Budget.

Staff Recommendation to the Committee

The staff recommended that the Board accept the schematic design for the Health Sciences Building/Nursing, as prepared by Garfield Hacker Architects and as recommended by the Oregon Health Sciences University.

Discussion and Recommendation by the Committee

Mr. Bruggere asked why the Board approved schematic designs and whether it really was approving the architecture or merely saying the cost was appropriate.
Mr. Neland said boards of higher education nationally play one role or another in their capital construction program. Some approve architectural designs, some award contracts, and most accept schematic designs for major buildings on a campus. He indicated that, on the basis of the staff’s presentation, the Committee and Board action requested was the acceptance of a project as meeting that which the Board earlier approved in a budget.

It was suggested the Board might wish to consider whether it wished to continue reviewing and approving schematic designs.

Mr. Bruggere asked whether funds would be available for operation and maintenance of the building if it were constructed, and Mr. Neland stated they would be requested from a subsequent Legislature and partially from research funds earned within the building. In some instances, new buildings were provided but operating costs were not forthcoming and had to be absorbed within the ongoing operating budget. If this occurs regularly, it creates serious maintenance problems.

Mr. Bruggere commented that some of the buildings seen during the previous day’s visitation obviously had not been maintained for some years. He asked how the Board could avoid the situation in which operating and maintenance funds for new buildings are not appropriated and, therefore, buildings cannot be maintained. He also asked if the Board should play some role in making certain it did not approve construction of a new building unless the funds were clearly in the budget to maintain and operate it.

When the Board sets standards for the 1991-1993 capital construction request, Mr. Neland said it could determine what policy it wished to adopt relative to upgrading and renewal of existing buildings and maintaining new buildings.

Mr. Lemman commented that the Legislative Assembly was aware when approving capital construction projects that funds would be requested for their operation and maintenance at the next legislative session. There is a two to three year time period between approval of a project and occupancy of the facility. He said it was important to distinguish between the day-to-day operation and maintenance in connection with new buildings and capital maintenance requirements which the Board observed in touring facilities and seeing buildings that needed capital repair. He indicated the Board had established a policy of seeking a capital repair fund equal to three-quarters of one percent of the replacement value of the buildings. In terms of an ongoing appropriation, about half of that goal has been achieved. The Governor’s budget includes $2.5 million to be added to the State System’s capital repair fund for subsequent allocation to institutions for major capital repair. The target for the capital repair fund is about $14 million.
Mr. Neland said the Board's role would be to convince the Legislative Assembly it should increase the capital repair budget and also to make certain that the funds for day-to-day operation of new facilities are provided. Typically, the latter funds are appropriated, and the estimated operation and maintenance costs of $743,000 for the Health Sciences/Nursing building will be requested from the 1991 Legislature.

If budgets are still tight two years from now and the Legislature appropriates only a portion of the necessary amount, Mr. Bruggere said the result would be that the building would deteriorate. He stated it was not proper management of the system if buildings had a shorter lifetime than they should because they cannot be maintained properly.

Mr. Lemman said it was well within the purview of the Board to require each institution to devote a certain amount or percentage of the value of its capital plant to maintenance at the expense of other budget items. The Board would be balancing priorities within the State System and within the institutional budgets, and if the Board believes the institutions are not giving this particular item a high enough priority, a policy could be prepared for Board consideration and approval.

Mr. Miller inquired whether it would be possible in accepting federal funds to reserve a portion for deferred maintenance and repair, with that amount to be made up by the state or institution before the project proceeded.

Mr. Lemman stated he was not aware of any program that would permit that arrangement. The grants are one-time only grants for capital construction. The policy of the federal government is that there is a cost-sharing on the projects with the federal government providing the capital costs and the state being responsible for operation and maintenance of the facilities.

In response to a question from Mr. Bruggere, Mr. Neland reviewed capital repair funding over the past several years and also stated that studies of the impact of inadequate funding were made from time to time.

Mr. Richardson suggested that the staff work with the Committee on Finance, Administration, and Physical Plant in an effort to develop a strategy to ensure obtaining adequate operation and maintenance costs in the future.

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

Mr. Bruggere presented the report and recommendation from the Committee. He summarized the Committee discussion relative to buildings in general and the fact that money should be set aside for operation and maintenance or the effective life-span of the building will be shortened. He requested Mr. Richardson to state his suggestion with respect to this concern.

Mr. Richardson said the Committee had discussed the inadequate resource allocation for operation and maintenance within the State System. As a result, the Chancellor’s staff has agreed to work with the Committee to develop a strategy or strategies relating to the problem.

The Board approved the Committee recommendation, with the following voting in favor: Directors Adams, Alltucker, Bailey, Brooks, Bruggere, Dodson, Johnston, Miller, Richardson, Wilson, and Hensley. Those voting no: None.

Staff Report to the Committee

When the Board adopted the final 1989-1991 Capital Construction budget request at the July 15, 1988, meeting, the staff advised that it would be necessary to return for consideration of items which could not be made final in time to appear in the regular budget request. The February 1989 meeting of the Board has been established as the time for consideration of additional items or modifications of existing budget items.

The following items represent the requests of the institutions for consideration of additional matters.

Three tables are shown which summarize the requested actions, both in terms of dollar impacts and other considerations.

The items are presented in such a way that the Board may adopt or reject any item without impacting others.
# Current and Proposed Project Budgets

<table>
<thead>
<tr>
<th>Institution</th>
<th>Project Name</th>
<th>Current Budget</th>
<th>Proposed Budget</th>
<th>Increase</th>
</tr>
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### CHANGES TO EXISTING PROJECTS

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<th>BOND AUTHORIZATION AMOUNT</th>
<th>SUFFICIENT REVENUE</th>
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1- RECONFIGURE PHASES; AUTHORIZE PHASE II SPENDING WHEN REVENUES APPEAR LIKELY
2- RECONFIGURE PHASES; AUTHORIZE PHASE II.0 AND E BONDS AND SPENDING WHEN REVENUES APPEAR LIKELY
3- MERGE WITH BASIC SCIENCE BUILDING ADDITION PROJECT
4- CONTINGENT ON REDUCTION IN TRACK REHABILITATION/TENNIS COURT RELOCATION PROJECT
### NEW PROJECTS

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<th>OTHER FUND REQUEST</th>
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### NOTES ON CONDITIONS

1- NO FUNDS WILL BE SPENT UNTIL FIRM COMMITMENTS ARE RECEIVED FROM DONOR(S).

2- APPROVAL NOT RECOMMENDED, BUT AUTHORIZATION IS SOUGHT TO INFORM GOVERNOR AND LEGISLATURE OF RELATIONSHIP OF THIS CLASSROOM ADDITION TO THE OTHER NEW WOSC PROJECTS.
Discussion and Recommendation by the Committee

The Committee discussion pertaining to the modifications to the 1989-1991 capital construction budget request in general appears below. No action is required on the general item summarizing the individual projects. The discussion and recommendation pertaining to the individual projects follow the staff recommendation for each project.

Mr. Dodson asked whether the amendments to the requests, with the exception of the KSOR grant and money that is in hand, represented a repositioning of projects in the pipeline for 1991.

Mr. Neland stated the Emergency Board and the Legislature were the two mechanisms by which the Board could adjust resources so that adequate funds would be available once contracts have been awarded. It is preferable to start projects through the legislative process, though several of these projects typically could be handled by going directly to the Emergency Board. However, since the Legislature is in session and these are all Other Funds projects, it seemed advisable for the Legislature to have a chance to look at them in the context of other things.

Mr. Dodson asked if the Board would be criticized for considering improvements to Parker and Autzen Stadiums when the athletic part of the budget request has been eliminated already.

Mr. Neland responded that there was no question the individual departments were having difficulties in meeting ongoing operating needs but they were doing better. The University of Oregon has retired its internal debt borrowings from parking and from dormitories, a major accomplishment in a short period of time. If the programs are to remain competitive, they must recruit athletes. Coveted players are discriminating, and providing better facilities will assist the institutions in remaining competitive. Mr. Pernsteiner added that both projects were structured in such a way that money will not be spent on additional phases until the revenue is more assured than it is at the present time. He said the present request is only for the limitation and there will be another opportunity for review when authorization to proceed is sought from the Emergency Board.

Mr. Richardson asked what would happen in the event funds were not obtained to complete all of the phases for Autzen Stadium. Mr. Neland said the walls and roof would be built first and then the inside would be completed, with the most important components constructed first within the funds available. Improvements would then be stopped, perhaps for as long as five years.

Mr. Lemann commented that 5-7% a year is saved in construction costs by accomplishing improvements as early as possible. This represents another important aspect of the timing and phasing of these activities.
Mr. Miller said he was somewhat disturbed by the fact that the approval of these two projects would be a pretty strong endorsement without any Board discussion of the overall concept of NCAA competitive sports versus perhaps some real dollars that should be put into the infrastructure as the Board observed during the visitation.

Mr. Neland indicated there was no General Fund money included in the major programs represented by these facilities, particularly those for football. Further, the process could be stopped at various points if the Board chose another alternative. Capital repair funds do require General Fund dollars. If funds do go to capital repair, which Mr. Neland indicated he would place in higher priority, they would not be available for athletics, which would continue to be self-funded. Neither makes a fundamental decision on the quality and level of competition. It is probably true that by endorsing the projects, the Board would be endorsing a Division I concept. However, compared to other institutions, the proposed construction would be far from that of a Division I concept.

There was further discussion of the distinction between the General Fund and Other Fund categories. The Committee was assured the resources for these projects were from Other Funds and the Board would not be trading off any other projects by placing these on the list.

In conclusion, Mr. Neland called attention to the affirmative action report in the report section of the docket. Mr. Lemann reported briefly on a recent meeting with contractors and state agencies to discuss court decisions pertaining to quotas or set asides related to affirmative action. The atmosphere was very positive, and a subsequent meeting was set to attempt to develop similar activities that would be appropriate in light of the court decision.

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**Parker Stadium Improvements, OSU**

**Staff Report to the Committee**

In late 1987, the Board and the State Emergency Board approved an expenditure limitation of $2,525,000 for Phase I of improvements to Parker Stadium at Oregon State University. This was approved and established as an Other Funds limitation. Phase I work included installing a synthetic practice surface at the McAlexander Fieldhouse and the construction of "under roof" seating and some concession and restroom improvements.

Some of the work has been accomplished, most notably the installation of most of the McAlexander floor and much of the VIP seating. This was done using Beaver Club funds and did not require tapping the limitation for this project. However, the costs for roofing over major portions of the seating area now are expected to far exceed the available funding.
An approach to this problem is to redefine the phases so that Phase I involves completing the practice surface, installing new "covered" seats under the press box, and constructing a small three-story end zone complex for use by the home team. This facility would include locker and weight rooms and a VIP concession area. This end zone complex originally was a component of Phase II. The price tag for this Phase I effort is estimated by the Oregon State Athletic Department to be about $1.8 million and can be paid for from cash on hand, easily obtained gifts, and a $1.2 million loan from the OSU Foundation. The loan would be repaid, as originally anticipated, from ticket surcharges for covered seating and other revenue associated with the VIP improvements.

Phase II, for which both board and legislative authorization would be sought, would be a $5.2 million effort, financed by Article XI-F(1) bonds, to roof a portion of the stadium, install more new seating, make parking improvements and beautify the complex. While the limitation for this effort would be sought now, release of the funds would be requested only when sufficient increases in athletic revenues can be reasonably anticipated.

Staff Recommendation to the Committee

The staff recommended that the phases for the Parker Stadium improvement effort be reconfigured as requested by Oregon State University and that the work contemplated in the revised Phase I be pursued as soon as possible. The staff further recommended that the Board authorize the staff to request from the Governor and the Legislature an increase in the Other Funds limitation for this project of $4,475,000 in order to accomplish Phase II if and when sufficient revenues become available to repay the needed bonds.

Discussion and Recommendation by the Committee

The Committee discussion on this item is included with the general discussion of the Modifications to the 1989-1991 Capital Construction Budget Request.

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

Board Discussion and Action

The Board approved the Committee recommendation, with the following voting in favor: Directors Adams, Alltucker, Bailey, Brooks, Bruggere, Dodson, Johnston, Miller, Richardson, Wilson, and Hensley. Those voting no: None.
Oregon State University recently received a five year renewal of a grant from the National Institute for Environmental Health Sciences for its trout cancer research activities. The grant amount is $2.2 million per year.

The gradual expansion of this research program over the years has resulted in a critical need for a larger facility. Oregon State University is proposing to construct and outfit an 8200 square foot addition to its existing trout research laboratory. The $313,000 cost of this effort would be paid by $90,000 of cash from institutional indirect cost recoveries and a $223,000 loan from the Agricultural Research Foundation. The loan would be repaid from future institutional indirect cost recoveries.

Staff Recommendation to the Committee

The staff recommended that the Board authorize the design and construction of the addition to the trout research facility at Oregon State University and authorize the staff to request from the Governor and Legislature an Other Funds limitation of $313,000 for this project, and, when appropriate, to expend funds.

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, with the following voting in favor: Directors Adams, Alltucker, Bailey, Brooks, Bruggere, Dodson, Johnston, Miller, Richardson, Wilson, and Hensley. Those voting no: None.

The Autzen Stadium Improvements project at the University of Oregon is ready to move into Phase II, the construction and outfitting of the Casanova Athletic Complex. Phase I, which involved building skysuites and improving the press box, was completed at a cost of $4,050,000. The limitation established for Phases I and II was $8,465,000. The contracts for Phase I work caused that effort to exceed the original estimate by nearly $1.2 million.
Design work on Phase II (the Casanova Athletic Complex) now has progressed enough to allow the reestimation of its costs. The Athletic Department now anticipates a budget of $10,810,000 will be required. Because this amount exceeds the available limitation, the University proposes to divide Phase II into five parts.

Phase II.A would involve the construction of the shell of an 88,000 square foot building to house the complex at a cost of $1,750,000. This structure is about 10% larger than the complex originally anticipated.

Phase II.B would complete the team locker room, coaches’ room, and portions of the equipment room and treatment center. The cost for this effort is estimated by the Athletic Department at $1,062,000.

Phase II.C would complete the weight room, the mezzanine spaces, and the first floor mechanical systems at a cost of $1,250,000. Sufficient limitation exists to accomplish these three sub-phases. However, bonds would have to be sold in the net amount of $2,667,000 to fund the work. The Athletic Department would have sufficient revenue to retire these bonds. About $350,000 of the existing limitation would remain unprogrammed through these sub-phases in order to cover contingencies.

Phases II.D and II.E, which together would require $6,745,000 to complete, would involve finishing the first floor (completing the equipment room and treatment center, adding the wrestling room, and building visitors’ dressing rooms) and completing the second floor (offices, hall of fame, and meeting room/athletes’ lounge). A limitation increase and bond authorization would be required for these sub-phases. The University of Oregon is confident that sufficient revenues will be available to meet debt service requirements but wishes to delay the sale of bonds and the initiation of construction of these sub-phases until increased revenue flow from skysuites is realized.

**Staff Recommendation to the Committee**

The staff recommended that the Board: (1) Authorize the receipt and expenditure of bond funds in the net amount of $2,667,000 to be used on the Casanova Athletic Complex; (2) authorize staff to proceed with the construction of Phase II.A through II.C of the project; and (3) authorize staff to request net bond authorization and an Other Funds expenditure limitation in the amount of $6,745,000 for the completion of the Casanova Athletic Complex, conditional upon staff seeking further Board approval prior to selling these bonds or seeking bids for Phase II.D and E.