MINUTES OF REGULAR MEETING OF THE
STATE BOARD OF HIGHER EDUCATION HELD
October 20, 1989

MINUTES APPROVED

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A. Matthews Welcomed

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ADJOURNMENT
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STATE BOARD OF HIGHER EDUCATION
MINUTES OF REGULAR MEETING HELD IN ROGUE RIVER ROOM
SOUTHERN OREGON STATE COLLEGE
ASHLAND, OREGON

October 20, 1989

A regular meeting of the State Board of Higher Education was held in the Rogue River Room, Southern Oregon State College, Ashland, Oregon.

ROLL CALL

The meeting was called to order at 8:30 a.m., October 20, 1989, by the President of the Board, Mr. Richard F. Hensley, and on roll call the following answered present:

Mr. Bob Bailey
Mr. Tom Bruggere
Mr. Gary L. Johnston
Mr. Rob Miller
Mr. George E. Richardson, Jr.
Mr. Leslie M. Swanson, Jr.
Ms. Janice J. Wilson
Mr. Richard F. Hensley

Absent: Directors Adams and Holwerda were absent for personal reasons. Director Dodson was out of the country.

In addition to the above, Annette Matthews, newly-appointed Board member, was in attendance.

OTHERS PRESENT

Centralized Activities—Chancellor Thomas Bartlett; Secretary Wilma Foster; W. T. Leman, Executive Vice Chancellor; Dick Hill, Interim Vice Chancellor, Academic Affairs; Larry Large, Vice Chancellor, Public Affairs; John Owen, Vice Chancellor, OCATE; Jerry Casby, Assistant Attorney General; Holly Zaville, Associate Vice Chancellor, Academic Affairs; Davis Quenzer, Associate Vice Chancellor, Budget and Fiscal Policies; George Bernsteiner, Associate Vice Chancellor, Facilities Division; R. S. Perry, Associate Vice Chancellor, Administration and Information Systems Services; Joe Sicotte, Associate Vice Chancellor, Personnel Services; Steve Katz, Controller; Peter Hughes, Director, Internal Audit Division; Melinda Grier, Director, Legal Services; Kay Juran, Assistant Vice Chancellor, Public Affairs; Ron Anderson, Assistant Vice Chancellor, Personnel Administration; Roger Olsen, Assistant Chancellor, OCATE; Gary Christensen and James Payne, Assistant Vice Chancellors, Academic Affairs; Virginia Thompson, Executive Assistant to the Chancellor; Virginia Boushey, Assistant to Executive Vice Chancellor; Susan Weeks, Director, Institutional Research Services; Barbara Barrie, Personnel Officer; Jim Sellers, Director of Communications.
Oregon State University—Graham Spanier, Vice President for Academic Affairs and Provost; Ed Coate, Vice President, Finance and Administration; Pat Wells, President, Interinstitutional Faculty Senate; JoAnne Trow, Vice President for Student Affairs.

University of Oregon—Dan Williams, Vice President, Administration; Jim Reimuth, Vice President, Public Affairs and Development; Gerard Moseley, Vice Provost for Academic Support and Student Services; Anne Leavitt, Assistant to the Vice Provost.

Oregon Health Sciences University—Lesley M. Hallick, Vice President of Academic Affairs; W. C. Neland, Associate Vice President, Administration; Ann Hoffstetter, Assistant Vice President in Student Affairs.

Portland State University—Interim President Roger Edgington; Frank Martino, Provost; Gary Powell, Acting Vice President, Finance and Administration; Ulrich Hardt, IFS Representative.

Eastern Oregon State College—President David Gilbert; James Lundy, Dean of Administration; James Hottois, Dean of Academic Affairs; Richard Stenard, Dean of Student Affairs; Di Larsen-Hill, Information Specialist.

Oregon Institute of Technology—President Larry Blake; Chris Eismann, Dean of Academic Affairs; John Smith, Dean of Administration; Tim Stanaway, Dean of Student Affairs.

Southern Oregon State College—President Joseph Cox; Ron Bolstad, Dean of Administration; Stephen Reno, Dean of Academic Affairs; Thomas Pyle and Frank Lang, IFS representatives; Steve Flynn, Dean of Students; Tony Boom, News Service.

Western Oregon State College—President Richard Meyers; Bill Neifert, Dean of Administration; Bill Cowart, Provost; Kathleen Faircloth, Dean of Students.

Others—Ginny Hicks, Oregon Education Association representative, Talent; Lynn Pinckney, Executive Director, and Kate Menard, Executive Assistant, Oregon Student Lobby; Tim Wood, Executive Committee member, Oregon Student Lobby; The Reverend Fred Wilken, Retired Methodist Minister, Ashland.

MINUTES APPROVED

The Board dispensed with the reading of the minutes of the last regular meeting and approved them as previously distributed. The following voted in favor: Directors Bailey, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None. Director Bruggere was absent from the meeting at this time.
Mr. Hensley thanked President Cox and all the individuals at Southern Oregon State College who had participated in the Board visitation the previous day. He said the individual reports were outstanding and he had been impressed during the small group session on development with the tremendous enthusiasm expressed by the community. Mr. Hensley thanked Ms. Wilson for her efforts in developing the new type of visitation format for the visit. The Chancellor concurred in President Hensley’s remarks.

Mr. Hensley announced that Miss Annette Matthews, a student at Portland State University, had been appointed to the Board. She will appear before the Senate confirmation committee October 25. Miss Matthews will succeed Mrs. Holwerda.

The Chancellor commented that the meeting was the first of the Board’s policy and review discussions under the new format for Board meetings. Meetings will alternate between those which concentrate on discussions of major issues facing the Board and those which deal with concrete decisions to be made by the Board.

The Chancellor requested Dr. Patricia Wells of Oregon State University, new President of the Interinstitutional Faculty Senate, to report on issues of concern to that organization at its regular meeting.

Dr. Wells distributed a tentative schedule for meetings of the Interinstitutional Faculty Senate, including tentative topics for consideration at each meeting.

The Interinstitutional Faculty Senate unanimously urged support and approval of the sabbatical leave policy of September 27. In response to a question from Mr. Hensley, Dr. Wells indicated there were no concerns whatever with respect to the policy. The group thought the policy was well written and very favorable to faculty.

The Chancellor reported the advisory work groups on five areas of policy had held breakfast meetings prior to the Board meeting. He said these meetings launched an exciting policy development process. The issues are extremely important and can lead to major decisions in the months ahead.

The Chancellor stated the process of discovering how to handle enrollment management and enrollment ceilings might extend over two or three years before it was fully developed. He indicated he would not comment on enrollment numbers at the present time because those which had been reported were too preliminary. The numbers should be firmer and more reliable by the next Board meeting.
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Guidelines for Expenditure of Endowment Matching Funds Appropriated in 1989 Legislative Assembly, OSU & UO

Staff Report to the Board

Background

As part of his "excellence package" for higher education, Governor Goldschmidt proposed to the 1989 Legislative Assembly that they appropriate $12 million in General Funds for the purpose of matching private gifts of a like amount to provide funding for endowed chairs, endowed professorships and the like at Oregon State University and University of Oregon. The Assembly determined that they could not afford the requested appropriation. In lieu thereof, they included in a supplemental appropriation $1.2 million, or 5% of $12 million for two years, with the understanding that the state would match the income rather than the principal of the endowments.

The following are established as the Board of Higher Education's Guidelines to the two institutions for the expenditure of the funds and the proceeds from the matching endowment gifts.

Guidelines

For purposes of these Guidelines, endowed chairs and endowed professorships are those identified by the institution for which the proceeds of the endowment are used to supplement the compensation of an existing or proposed state-funded faculty position, or to pay the entire compensation thereof. They may also include amounts for professional travel, graduate assistants, and other support services and expenses.

Oregon State University and the University of Oregon may establish endowed chairs and endowed professorships in accordance with the following guidelines, and may establish other endowments as may be approved by the Board.

Since the Board of Higher Education anticipated the endowment for excellence program and suggested as early as March 1987 that institutional development officers begin seeking gifts for matching purposes, funds sought, pledged, or received on or after July 1, 1987, qualify for this 1989 program.

A bona fide pledge is deemed to exist when the donor has made an unconditional promise in writing to donate a sum to the institution over a period of time not to exceed five years, and otherwise meets the terms of these guidelines.

The concluding date for receiving pledges or gifts for this 1989 program is June 30, 1991. If either institution fails to match
fully the amount available from state funds, the Board may reassign the portion unmet by one institution to the other institution on a recurring basis. If both institutions fail to meet the matching requirements, the unused state funds will revert to control of the Board for further allocation.

Pledges of private gifts may qualify for the state match if the pledge payments do not exceed five years, the first year's pledge is at least 20% of the total, and the cumulative amount paid during the pledge period is not less than 20% per year. Income-producing securities may be accepted at their market value as of the date of receipt. Such securities may be retained if they are of the quality now included in the receiving foundation's or the state's portfolio.

Following approval of the Board and their own internal procedures, institutions may name chairs, professorships, or other endowments for principal donors.

State matching funds may be made available for the full fiscal year in the amount of 5.5% (or such other amount as may be determined by the operation of IMD 6.140) of the principal of the private gift or bona fide pledge, regardless of the earnings of the gift or pledge during that same year. In subsequent years, it is expected that the receiving foundation will transfer to institutional accounts proceeds of the private gift in advance of the expenditure of the funds. State matching amounts will be released concurrently.

The Board's staff will include appropriate requests for inflationary or salary adjustment funds for the state match in future biennial budget proposals.

Institutions will report to the Board annually at the time and in the manner prescribed by the Chancellor regarding fund raising, use of the endowment proceeds, and the status of chairs, professorships, and other endowments created under the terms of this program.

Staff Recommendation to the Board

The staff recommended that the Board adopt the guidelines as outlined above.

Board Discussion and Action

In presenting the staff report, Mr. Lemman indicated the guidelines had not addressed gifts of land made for the purpose of financing an endowment. Land may or may not be readily salable or income-producing, which raises the question of an appropriate way to include it in the program. The matter has not been resolved sufficiently to bring a recommendation to the Board at this time.
Mr. Miller asked whether the funds available for professional travel were restricted to the two categories of an endowed professorship or endowed chair.

Mr. Lemman responded that this was the intent unless a program was being endowed. For example, the proceeds of an endowment given to provide additional funds for a program without specifying it for a chair professorship could be used by the person in charge of that program in any way that would meet the intent and conditions of the endowment.

Mr. Miller suggested the inclusion of some reasonable limitations and definitions with respect to travel because in his experience with endowed type programs travel had been a potential problem area.

Mr. Miller then asked whether the state funds were recurring funds in a subsequent Legislative Session, and Mr. Lemman indicated they would be recurring as part of the base budget although there is no guarantee that the entire State System appropriation would be recurring.

Mr. Richardson asked whether the state matching funds made available on pledges were computed on the amount of the pledge or the actual payment in a given year. Mr. Lemman indicated matching funds would be computed on the total pledge.

Ms. Wilson said she would like to be certain the guidelines were in compliance with legislative intent because she would have expected the matching funds would have been released in the same manner as earned.

Mr. Lemman said usually it would be expected the pledges would be paid when they were made. The intent of the Legislature was to establish some endowment programs to endow excellence and spend money for this purpose. The Legislature left development of the guidelines for the program to the Board. He said the intent was not to be extremely precise in the matching of earnings on a day-to-day basis.

Ms. Wilson then inquired whether payment for the full fiscal year for the full amount would be made on a five-year pledge made on May 1, even though only one-fifth of the pledge would be paid in the first fiscal year and it was received near the end of that year. Mr. Lemman indicated that was the intent of the guideline.

Dr. Iarge commented it was not a matter of paying someone but one of getting the money to work along the lines of a program under which the institution has sought support from a private donor.
One of the goals of the legislation in the original proposal was to stimulate private giving to the universities. The alternative would be to hold the matching money and not have it put to work, but it seemed preferable in the case of a bona fide pledge and commitment to have the money at work as soon as possible.

Mr. Hensley said he questioned the fairness of allowing one institution to earn interest on a commitment made on July 1 but not received until a later date in the same manner as another institution which actually had received the pledged funds on July 1. Both Mr. Lemman and Dr. Large said they did not understand the reference to receiving interest.

Dr. Large explained that an institution would receive a pledge from a donor based on the assumption there would be a state matching amount. The compliance with the matching requirements is at the face value of the two appropriations—the gift to the foundation of the institution and the state’s commitment on the other. The Board needs to decide whether the money should go to work in the spirit of the program based on the commitment that the gift will be received, even though the donor may pay the full amount of the gift over as much as five years. The other option is to hold the money in the Board’s Office until there is an amount of money earned from these gifts of endowment equal to what is released for the programs the campuses are supporting with both the gifts and state money.

Mr. Hensley said he would interpret the proposal to mean that an institution which actually received money or some form of earning power on which interest is paid would be disadvantaged in comparison to one that obtained the money or earning power at a later date.

Mr. Lemman said the institution which had the money for the full year would benefit because it would have earnings from both the state and the private gift for the full year. The institution which received funds at mid-year would have only three-fourths of the earning power to apply to the program. He indicated he had held a similar view originally. After discussions with the development people, he came to the conclusion it made sense to put the money to work at the earliest possible time as long as it is matching bona fide gifts or pledges.

Mr. Miller said he supported the approach which appeared to be in the best interests of the State System but asked if there had been sufficient clarification to be certain the proposal met legislative intent.

Mr. Lemman stated he had attended the entire legislative hearing on the endowment program. It was clear the State System should have maximum latitude in formulating reasonable guidelines in the use of these funds with the ultimate purpose of matching proceeds of private endowments and encouraging them.
Mr. Hensley inquired whether the two institutions concerned were in full agreement with the proposal and was assured they were.

Mr. Bailey referred to the 5% mentioned in the first paragraph of the staff report and asked where it originated.

Dr. Large cited the policies of the foundations with respect to earnings from their endowments. For example, the University of Oregon pays out 5% on a total return concept from its endowment earnings, returning to principal all earnings above 5% as a means of preserving purchasing power over the long term. This would be offset in terms of inflationary increases on the state side.

Mr. Lemman explained the Board’s Internal Management Directives require use of a five-year moving average which results in a 5.5% allocation of investment earnings at the present time on the Board’s endowments. Earnings above 5.5% are returned to principal. This policy allows for a stable income over time even though the percentage of earnings may fluctuate each year. In the event the investments yield less than 5%, the excess earnings returned to the principal could be used without invading the true principal of the endowment.

Mr. Richardson asked whether other states had similar programs, and Dr. Large said Oregon was first in having the state program match income but not in having the state match endowments. There are three states in which the state creates a separate endowment to match a private endowment.

Mr. Swanson said he was reasonably comfortable with this plan after hearing the discussion. The plan appears to provide for averaging over the five years the matching income. If it were not averaged over five years, the money would be unused and be of less value to both the Legislature and the State System until it was released. Mr. Swanson said he thought the Legislature wanted to maximize the dollars when it appropriated them and this would not be possible until the money was utilized. In order to do that, it is necessary to average. He stated the only risk he could see would be a five-year pledge which did not materialize and he would assume the institution then would not be permitted to keep the money that had been advanced.

Mr. Miller said one other risk was of concern to him in that he wanted to be certain the plan was consistent with the intent of the Legislature in establishing the program.

Mr. Lemman said the Board docket containing the proposal had gone to the Executive Department and the Legislative Fiscal Office. Those analysts read the dockets very carefully and would have contacted him if there were any major concerns about the plan. He said there was an Emergency Board meeting later in the month and stated he would share a copy of the policy with the people
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who were on the Ways and Means Committee when the legislation was approved. If there were any negative reactions, Mr. Lemman said he would bring them back to the Board at a subsequent meeting.

Mr. Hensley inquired how many gifts were awaiting enactment of the policy. Dr. Spanier replied that Oregon State University had several gifts either pledged or pending that could qualify. The proposal offers an opportunity to attract new gifts and permits a little more flexibility in that respect. Dr. Reimuth said the University of Oregon currently had about $4 million in faculty pledged endowment money that would qualify under this plan, almost all of which has been discussed with the donors in terms of qualifying for the match. The plan also will serve as an inducement to others in the efforts to fill the quota during the remainder of the biennium.

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Bailey, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None. Director Bruggere was absent from the meeting at this time.

Agreement with City of Madras & Central Oregon Experiment Station, OSU

Staff Report to the Board

Since 1948, the Central Oregon Experiment Station has been actively engaged in agricultural research and seed crop development in Deschutes, Crook, and Jefferson Counties. In 1961-62, expanded research facilities construction began at two locations: Redmond in Deschutes County on a 40-acre leased parcel near the city boundary and within the city's industrial park, and at Madras in Jefferson County on a 40-acre leased parcel just outside of the city limits near the Madras airport and within the federal airport reservation which is under the local jurisdiction of the Federal Aviation Agency, City of Madras, and Jefferson County. Although Oregon State University is the lessee in both locations, it pays no rent to either lessor. Deschutes County provided the construction funds for office, shop, and equipment storage facilities at the Redmond location.

In 1975, the University extensively renovated the Redmond building and purchased for $250 a 0.61-acre parcel of the Madras industrial park adjacent to the 40 acres already leased to the University. During the subsequent three to four years, the University provided funds for the construction of a small shop and an equipment storage building on the 0.61-acre parcel. The quit-claim deed to the property provided by the City of Madras limits the use of the property to industrial purposes. If not used for those purposes, the property reverts to the City of Madras.

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In 1978, the University was deeded 260 acres of farmland between Redmond and Prineville at Powell Butte. The Central Oregon Experiment Station of the University has been farming experimental crops on 80 of the acres of this farmland. An adjacent 80 acres is suitable for future research.

In 1984-85, the University leased an additional 25 acres of Madras City, Deschutes County, and Federal Aviation Agency land. Also in the early 1980s, the Central Oregon Experiment Station was selected by the federal, city, university, and potato commissions in Oregon, Washington, and Idaho as the choice location for potato seed production, particularly on the farmland acquired at Powell Butte. This action was further supported by the Oregon Legislature which allocated $500,000 in lottery funds in 1986 for developing offices and general facilities to support more research. All of the above information provides evidence of the increasing research and related activity being done by the Central Oregon Experiment Station in the three central Oregon counties.

In 1988, the City of Madras notified the University that mid- to long-term use of the land leased to the University near the City of Madras was for an expanded airport or industrial park. Simultaneously, that lease was extended to September 1992, at which time it will expire and will not be renewed. However, the City authorities assisted the University in locating alternate sites, and the Board's contract officer and University, City of Madras, and Jefferson County authorities executed a lease for 82 acres of dry land along Highway 97 near Madras. An additional 80 to 100 acres nearby is also available to the University for future incorporation as research land. To provide stability and to encourage the University's continued presence in Jefferson County, City of Madras and Jefferson County authorities proposed to the University a 50-year lease which is renewable every five years for subsequent 50-year periods. Termination by either the City of Madras or Jefferson County requires a 45-year notice.

The City of Madras is now desirous of reacquiring on or before September 1, 1992, the 65 acres the University is leasing adjacent to the airport in order to expand the City's industrial park. The City authorities have indicated that they would lease to the University the other acreage mentioned above (80 to 100 acres) on a 50-year rolling basis for a total cost of $1.00 if the University would agree to a termination of the current lease for 65 acres and simultaneously sell back to the City the 0.61-acre parcel, including any improvements thereon. This is the same parcel the City of Madras sold to the University in 1975. The City is willing to pay the fair market value for the property at the time of purchase.
The major advantages of the proposal to the University are that it would acquire more and better land, would obtain necessary water rights for irrigation, and could use some of the money received from the sale of the property to build a better facility than that currently occupied.

**Staff Recommendation to the Board**

The staff recommended that the Board’s staff be authorized to enter into an agreement with the City of Madras wherein the City would receive an option to purchase the 0.61 acres of land including improvements from the University on or before September 1, 1992, at the then-appraised market value, and the University would receive an option to lease by means of a 50-year renewable lease from the City of Madras the property identified as an alternate parcel of at least 80 acres to replace the 65 acres currently under a lease, which expires September 1, 1992. Board approval of this recommendation is contingent upon the University’s obtaining approval from the Department of General Services to make a direct sale to the City of Madras. If said approval is obtained, the Board’s staff will obtain assistance from the Board’s legal counsel in drawing up and executing the appropriate legal documents. If the City of Madras exercises its option to purchase the 0.61-acre parcel, the President and Secretary of the Board would execute the bargain and sale deed.

**Board Discussion and Action**

In response to a question from Mr. Johnston, Dr. Perry indicated the water rights would be included in the lease.

The Board approved the staff recommendation, with the following voting in favor: Directors Bailey, Bruggere, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.

**Staff Report to the Board**

Recently, Oregon State University officials learned that a tract of hardwood forest in Benton county adjacent to the Willamette River had been conveyed to Oregon State University College of Forestry instead of to the State of Oregon acting by and through the State Board of Higher Education on behalf of Oregon State University. The property was donated to the University in 1983 by Harold and Alice Marchel, husband and wife, and the three corporations created by Harold Marchel. Furthermore, because of a confusing sequence of prior conveyances, the record title is clouded.
In preparation for clearing the title, Oregon State University officials—including Caroline Karl, legal advisor to President Byrne—have conducted a thorough title search through the Benton County Assessors Office. They identified four parcels in the tract—numbered 600, 700, 800, and 801—totaling 69.31 acres. Parcel 700 is still owned by Alice Marchel, Harold having died in 1988. Alice Marchel also retains a life estate in a portion of parcel 600.

In consultation with Hal Harding, attorney for Alice Marchel, and Jerry Casby, Assistant Attorney General, Caroline Karl has prepared a series of "correction" deeds which, when properly executed and notarized by the appropriate parties, will result in parcels 600, 800, and 801 being conveyed of record back to grantors' successors in interest who will then reconvey the same properties of record back to the state, acting through the Board of Higher Education on behalf of Oregon State University. The reconveyances will properly describe the grantee; in addition, as a result of other recordings being done cooperatively with the Marchels and their attorney, the reconveyances will establish a clear chain of title to the three parcels. Finally, to provide access to parcel 700, and in accordance with earlier understandings, the State of Oregon acting by and through the State Board of Higher Education on behalf of Oregon State University will grant an easement to Alice Marchel for access to parcel 700.

Staff Recommendation to the Board

The staff recommended that the Board authorize the Board's staff and legal counsel to follow the procedures identified above in order to obtain clear titles to the properties, as was and continues to be the intention of the donors. The staff further recommended that the President and Secretary of the Board be authorized to execute the bargain and sale deeds and easement also identified above.

Board Discussion and Action

The Board approved the staff recommendations, with the following voting in favor: Directors Bailey, Bruggere, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.

Establishing Limitation for Project To Construct Hematology and Oncology Laboratories, OHSU

Staff Report to the Board

The Oregon Health Sciences University is requesting that the Board establish a project to remodel existing offices in Baird Hall into research laboratories for the University's Hematology and Oncology Department. These laboratories are needed to meet the growing requirements of conducting ongoing research activities. Further, this work will move the laboratories into the same building as the offices of the Hematology and Oncology Department.
The estimated cost of this work, including the acquisition and installation of needed laboratory equipment, will not exceed $245,000 and will be paid for from building use credits (i.e., charges to grants and contracts for the use of the University's education and general facilities).

The remodeling of existing space to meet the instructional and research needs of the late 1980s and 1990s is necessary to keep pace with rapidly evolving technologies. This is especially true in medical, technical, and scientific disciplines with their capital-intensive laboratory requirements. The cost of such work is escalating quickly. Consequently, more and more of these projects will come to be classified as "capital construction," even when all they involve is the remodeling or refurbishing of existing space. Such is the case for the building of the Hematology and Oncology Department's laboratories.

The offices formerly located in Rooms 3030 and 3036 of Baird Hall have been relocated into the Marquam and Marquam II Buildings on a lease basis. The Board recently authorized the staff to seek Emergency Board approval to purchase these two buildings.

Staff Recommendation to the Board

The staff recommended that the Board concur with the request of the Oregon Health Sciences University and authorize the staff to seek the establishment of an Other Funds Limitation of $245,000 and the authorization to expend that amount for the construction of the hematology and oncology laboratories in 3030 and 3036 Baird Hall.

Board Discussion and Action

The Board placed the request on the Consent Agenda for the November meeting.

Staff Report to the Board

The 1985 Legislative Assembly, in Chapter 640, Oregon Laws 1985, established an Other Funds Limitation of $2.1 million for the construction of a pedestrian bridge between University Hospital South and the Veterans' Affairs Medical Center. The Department of Veterans' Affairs will construct the bridge next year. In July 1989, the Board authorized an easement for the Veterans' Administration to construct the bridge above Oregon Health Sciences University property.
The original concept of the pedestrian bridge involved Oregon Health Sciences University construction of that facility and a linkage via elevator with Parking Structure II. The Department of Veterans' Affairs now will be responsible for constructing the bridge and has asked Oregon Health Sciences University if it still wishes elevator connections between the bridge, University Hospital South, and the parking structure. The Oregon Health Sciences University has requested authorization to pay the Department of Veterans' Affairs to include such elevators in its pedestrian bridge project. If the Board approves, the elevators will be included as an alternate in the Veterans' Administration's invitation for bids.

The estimated cost for the elevators is $500,000. Sufficient funds are available from the 1987 A bond sale to finance this work.

Staff Recommendation to the Board

The staff recommended that the Board concur with the request of the Oregon Health Sciences University and authorize the staff to seek authorization to expend up to $500,000 of Other Funds for the construction of elevators to link the University Hospital South, Parking Structure II, and the Veterans' Administration Pedestrian Bridge. The staff further recommended that this approval be conditioned upon the construction of the elevators being at the sole option of the Oregon Health Sciences University and not of the Department of Veterans' Affairs.

Board Discussion and Action

The Board placed the request on the Consent Agenda for the November meeting.

Approval of Statement of Qualifications, Presidential Search, PSU

Staff Report to the Board

The Board's presidential search policy requires that the Board approve the statement of qualifications for the position of president at the institution where the vacancy exists. The position description, including the statement of qualifications, and a copy of the public announcement of the vacancy were distributed to Board members. The essence of the presidential position description was presented to nine different constituent hearings on the campus of Portland State University. The groups covered students, faculty, the council of deans, community members, advisory boards, the alumni board, and foundation board. The draft before the Board for consideration represented a revision of the original draft taking into account the reactions and suggestions of these constituents of Portland State University.
Staff Recommendation to the Board

The staff recommended that the Board adopt the following position description containing the statement of qualifications for the position of president of Portland State University:

PRESIDENT
PORTLAND STATE UNIVERSITY
Portland, Oregon

THE POSITION

The Oregon State Board of Higher Education invites nominations and applications for the position of President of Portland State University. The President, the chief executive officer of the University, is accountable through the Chancellor to the Board of Higher Education. The appointment will be effective summer 1990.

Portland State University is a comprehensive university located in the heart of Oregon’s largest city, a growing metropolitan complex of 1.4 million people. With an enrollment that has grown rapidly over its 40-year history to 12,500 undergraduate students and 3,500 graduate students, the University confers degrees through eight academic divisions: Liberal Arts and Sciences, Business Administration, Education, Engineering and Applied Science, Fine and Performing Arts, Health and Physical Education, and Social Work, Urban and Public Affairs.

PREFERRED QUALIFICATIONS

Education

An earned doctorate or other appropriate terminal degree.

Teaching and Scholarship

A record of excellence in teaching and in scholarly research or creative work which would qualify for tenure in an academic unit of a college or university.

Administration

A record of effective organizational leadership at a college or university or in other organizational settings. A candidate should have:

* The ability to select, develop, and retain high quality employees;

* The ability to articulate organizational objectives and to motivate, lead, and involve staff in achieving such objectives;
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* An understanding of faculty governance structures and shared decision-making;

* A commitment to affirmative action and equal opportunity;

* The capacity to initiate and direct institutional planning and budgeting;

* An understanding of and sensitivity to the needs of students and a willingness to involve them in university affairs through the student government structure;

* An understanding of issues and opportunities facing the population that PSU serves, including the role of continuing education;

* The ability to represent the institution’s interests to and to work cooperatively with its governing body, the State System of Higher Education, and the Chancellor.

Community Relations

The ability to work effectively with diverse external constituencies. The candidate should have:

* The ability to work with business, governmental, and community groups to meet the technological, cultural, economic, and social needs of the metropolitan area;

* The ability to work with both private and public educational institutions to establish cooperative ventures;

* The ability to communicate the aspirations and the current state of the University and to increase private and public support.

THE OPPORTUNITY —

Portland State University is one of eight colleges and universities within the Oregon State System of Higher Education. Recent developments at Portland State University and in the surrounding community make this a time of particular challenge and opportunity. The strength of Portland State’s educational and research programs ($6.8 million in sponsored research in 1988) and its urban location make it possible for the university to attract outstanding faculty and students.
With its location at the center of the metropolitan area, Portland State University is well situated to make an important contribution to the economy of the region and to its intellectual and cultural life. The state is diversifying its economy by adding trade-related and high-technology industries to the dominant wood-products industry. As Oregon's economic and population center and as a gateway to the Pacific Rim, Portland plays a leading role in this process for the region. The Portland area is also the main cultural center of the state, with a flourishing artistic, theatrical, and musical life.

A major challenge to the new Portland State University president will be to provide strong leadership to assure the institution's systematic and sustained development.

Board Discussion and Action

Mr. Bruggere said he heartily endorsed the statement of qualifications and indicated that the process of talking to all of the constituent groups had been an excellent one.

Mr. Bruggere commended Dr. Large for attending all of the meetings. He also said at least one Board member from the search committee had been at each one of the constituent group sessions.

The Board approved the staff recommendation to adopt the statement of qualifications presented above in the position description. The following voted in favor: Directors Bailey, Bruggere, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.

Housekeeping Amendments to Presidential Search Process

Staff Report to the Board

Several "housekeeping" amendments are necessary to the Board's policy for the presidential search process. They reflect the assignment of the presidential search process to the Office of the Vice Chancellor for Public Affairs and other minor editorial changes to describe the procedure more accurately.

Introduction

The following policy outlines the process to be followed in the search for and selection of presidents for Oregon's eight public four-year colleges and universities. The purpose of the policy is to assure that the selection of institutional presidents is carried out in a clearly understood, timely, and effective manner.
In designing the presidential search process, the State Board of Higher Education was guided by its Internal Management Directive 1.020(1) which provides that: "The Chancellor shall make recommendations to the Board, in which rests the sole power of decision, concerning the selections, appointments . . . of Presidents . . ." It considered many factors including the traditions for selecting presidents in Oregon, institutional needs, resources, and leadership requirements. Particular attention was given to balancing the need to guarantee candidates' confidentiality to keep them in the search process and the desirability of having candidates meet a broad cross section of the campus community. This policy on the presidential search process was first adopted by the State Board on March 21, 1986. It was modified on February 17, 1988.

The Search Committee

A single search committee shall be responsible for assisting the State Board by identifying and recruiting possible candidates for the position of president. The State Board retains the responsibility for the selection of institutional presidents.

Members of the search committee shall be appointed by the Chancellor. The search committee shall be composed of three Board members, four faculty members, one student, one administrator, a community member, and an alumni representative. The president of the Board shall recommend members of the Board to serve on the search committee. The appropriate faculty body or bodies of the institution shall be asked to nominate eight persons to the Chancellor, who will choose four to serve. The other four will be designated as alternates, to be called on only if those designated members are unable to serve on the search committee. Similarly, the president of the student body shall be invited to nominate two students, with one being chosen to serve and the other designated as an alternate. Administrators will be asked to nominate two campus administrators, typically deans, directors, or vice presidents, one to be named to the committee and one to serve as an alternate. The community representative and alumni representative will be selected after the Chancellor consults with institutional officials and the alumni organization. In selecting members of the search committee, the Chancellor shall be mindful of the desirability of having women and minority representation on the search committee.

The president of the Board shall serve ex-officio without vote. Unless a public meeting is announced, however, no more than five Board members may be present at any committee meeting. The President should retain the degree of detachment that will enable the exercise of impartial leadership through the final selection process.
The Chancellor and an affirmative action officer appointed by the Chancellor shall serve as consultants to the committee and may attend its meetings.

The Chancellor, in consultation with the President of the Board, shall appoint one of the Board members to serve as the committee chair. In order to keep the names of the candidates confidential, only the chair of the search committee or a designee shall speak on behalf of the committee to the press or others concerning the progress of the search.

The [Vice-Chancellor for Academic Affairs] Chancellor shall appoint a Vice Chancellor who shall serve as liaison between the Board, the Chancellor's Office, the search committee, and the institution.

The Search Coordinator

The Vice Chancellor [for Academic Affairs], in consultation with the search committee chair, the president of the institution, and the Chancellor, [shall] may appoint a search coordinator whose duties include: (1) handling all of the logistics involved with the meetings of the search committee, including making appropriate arrangements for the visits of candidates; (2) preparing correspondence for the committee and the chair; (3) maintaining the records and files and keeping minutes of search committee meetings. Although not members of the search committee, the coordinator and the Vice Chancellor [for Academic Affairs] are expected to attend most of the search committee meetings.

The Charge

The Chancellor shall give the search committee a written charge spelling out the committee's responsibilities and authority. The charge should include an approximate date for the committee to submit its nominations to the Chancellor, the number of candidates to be recommended, and the information the committee should provide on each candidate.

The Responsibilities of the Search Committee

Preparing a Statement of Qualifications

The search committee shall prepare materials describing the position and the qualifications of the person being sought for the presidency. In preparing the statement of qualifications, the search committee shall invite comments from concerned groups and individuals (faculty, students, administrators, alumni, members of the community, etc.). The statement of qualifications may indicate that credentials for academic tenure are highly desirable but the statement
may not preclude candidates without such credentials if they have other attributes which would make them outstanding institutional presidents. The statement of qualifications shall be presented to the State Board for approval. The statement of qualifications, along with the institution's mission statement, excerpts from the State Board's Administrative Rules and Internal Management Directives concerning the authority and responsibilities of the president, and other descriptive materials about the institution should be sent to all nominees and applicants for the position.

Soliciting Nominations and Applications

A vacancy announcement shall be prepared and widely distributed. It must be printed in a minimum of four weekly issues of the Chronicle of Higher Education. Nominations shall be sought aggressively from institutional faculty and students, other State System presidents and personnel, regional and national educational leaders, regional and national educational organizations, and other leaders in the community, state, and nation.

Advertisements for the position shall include a deadline for the submission of applications and nominations. The search committee shall decide the deadlines for the receipt of materials needed by the committee to assure its screening of candidates who meet the deadline.

Screening

The task of the search committee is to recommend to the Chancellor three to five persons, any one of whom would be satisfactory to the search committee.

The screening process is divided typically into four distinct stages. The first screening consists of reviewing applications and nominations and identifying those that meet the minimum qualifications for the position. If there are relatively few applicants, the entire committee may participate in this stage of the screening process. If there are a large number of applicants, the committee may choose to use one or more subcommittees to undertake the initial screening.

The second stage of the screening process involves a more thorough review of the candidates meeting the minimum requirements for the position. References are checked, and the committee may choose to talk with some of the candidates by telephone. The goal at this stage is to narrow the list of candidates down to ten to fifteen candidates who will be given careful consideration by the committee.
The third stage[the semi-finalist stage] is critical for the success of the search process. The search committee needs to collect a great deal of information about the remaining ten to fifteen candidates and at the same time assure that the names of the candidates remain confidential in order to keep the candidates in the pool of remaining candidates. At this stage, the committee may talk to the candidates, talk to references, send one or more members to visit candidates, or, if necessary, invite candidates to meet the search committee. The goal at this stage is to identify a group of semi-finalists who will be invited to campus for interviews.

When the semi-finalists are invited to the campus for interviews, the search committee shall be responsible for the campus visit. At this stage, it is important to protect the confidentiality of the candidates by keeping meetings as private as possible. Typically, each candidate will be interviewed by the search committee, a campus screening committee, and a limited number of other people who can assist the search committee with its evaluation of the candidate.

The campus screening committee shall be selected by the search committee and consist of six faculty members, three department heads, three deans or directors, and two students (one of whom should be a graduate student if appropriate). The search committee shall seek nominations for the campus screening committee from appropriate campus organizations. The search committee shall establish the time, place, format, and confidentiality of meetings of candidates and the campus screening committee. The campus screening committee is advisory to the search committee. The campus screening committee should not rank candidates. It should provide the search committee with an evaluation of the strengths and weaknesses of all the semi-finalists it interviews.

The fourth stage consists of selecting three to five finalists and preparing the search committee’s report to the Chancellor.

Recommendations

Following the campus interviews, the search committee shall recommend three to five finalists to the Chancellor. The search committee’s recommendations should be accompanied by a detailed report on the strengths and weaknesses of each candidate, especially in terms of the desired qualification for the position. The report may include summaries of the evaluations of the campus screening committee and other individuals and groups who provided information about the candidates to the search committee. The recommendations from the search committee shall be unranked.
Board Selection

When the Chancellor receives the search committee’s recommendations and report, times will be set for the finalists to be interviewed by the Chancellor and by the Board. The Chancellor’s Office shall prepare a news release on the finalists to be interviewed by the Board and make that available to the press three days before the Board meets with the finalists. During the three days before the Board interviews, the finalists shall be invited to campus to meet faculty, administrators, and other campus and community members. Campus representatives will be responsible for conveying information from these meetings to the Board through the Chancellor’s Office.

The Chancellor shall interview the committee’s finalists prior to the public announcement of the names of candidates to be interviewed by the Board. The Chancellor shall have the authority to narrow the field of candidates, but could do so only after consulting with the Search Committee. In no case could he or she add names to the list of finalists. The Chancellor shall also have the authority to rank the candidates to be interviewed by the Board.

Following the Board’s interviews with the finalists, the Board shall meet in executive session to rank the nominees in priority order and to direct the Chancellor to negotiate with the Board’s first choice. If the first choice does not accept the Board’s offer, the Chancellor shall seek further advice from the Board before contacting the second choice.

When the Chancellor has negotiated an acceptable appointment, the Board shall hold a special or regular meeting, which is open to the public, to vote on the selection of a president.

Staff Recommendation to the Board

The staff recommended that the Board approve the amendments to policy for the presidential search process.

Board Discussion and Action

Mr. Johnston suggested that the word "semi-finalists" found in two places in the section on Soliciting Nominations and Applications should be replaced with the word "candidates" in order to be consistent with an earlier reference in the same section.

Dr. Large said the designations represented different stages in the process and the use of "semi-finalists" in the two places was correct. The earlier reference was preliminary to the actual identification of semi-finalists.
The Board approved the staff recommendation, with the following voting in favor: Directors Bailey, Bruggere, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.

Confirmation of Institutional Degree Lists

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 1988-89 academic year and summer sessions:

- Oregon State University - Thomas H. Bruggere
- University of Oregon - Rob Miller
- University of Oregon Law School - Kasey Brooks Holwerda
- Portland State University - Janice J. Wilson
- Western Oregon State College - John W. Alltucker
- Southern Oregon State College - George E. Richardson, Jr.
- Eastern Oregon State College - Robert Bailey
- Oregon Institute of Technology - Gary L. Johnston
- Oregon Health Sciences University - Mark S. Dodson

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

The staff 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, with the following voting in favor: Directors Bailey, Bruggere, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.

Staff Report to the Committee

Introduction

Eastern Oregon State College requests authorization to offer an instructional program that will lead to a Baccalaureate Degree (B.A. or B.S.) with a major in Physical Education and Wellness. This request results from the recent modifications in the teacher education program introduced by Eastern Oregon State College and approved by the Board on June 17, 1988. (The proposed title was subsequently modified to BA/BS Degree in Physical Education and Health.)
Staff Recommendation to the Committee

The staff recommended that the Board authorize Eastern Oregon State College to offer an undergraduate major in Physical Education and Wellness that will lead to a B.S. or B.A. degree, effective Fall 1990. The proposal should be discussed by the Board at the September meeting and placed on the Consent Agenda for final action at the October meeting.

Discussion and Recommendation by the Committee

In presenting the staff report, Dr. Hill indicated the institution would prefer to substitute "physical education and health" for the title "physical education and wellness" as originally proposed.

Dr. Dan Mielke, Associate Professor of Physical Education and Health, explained the traditional view of health had been one of being the opposite of illness. With the advent of a preventive approach, the term "wellness" has become widely used to indicate a proactive state of a person trying to maintain levels of fitness, proper levels of nutrition, and maintenance of emotional, spiritual, and social health. The term represents a more contemporary, almost holistic, approach to the concept of health.

The Committee concurred with the change in designation from the original proposal, and the title of the degree has been modified above.

Dr. Hottois pointed out that the review which occurred in the development of the proposal had resulted in a tightening of the curriculum so that fewer course credits are listed in physical education and health.

The Committee recommended that the Board approve the staff recommendation and place the proposal on the Consent Agenda for the October meeting.

Board Discussion and Action (September 7, 1989)

The Board approved the Committee recommendation and placed the request on the Consent Agenda for the October meeting. Those voting in favor: Directors Adams, Bailey, Bruggere, Dodson, Holwerda, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.
Board Discussion and Action (October 20, 1989)

The Board approved the Committee recommendation and authorized Eastern Oregon State College to offer an instructional program leading to the BA/BS Degree in Physical Education and Health. The following voted in favor: Directors Bailey, Bruggere, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.

Staff Report to the Committee

Institutional officials at Eastern Oregon State College have requested that vacant land on the east edge of the campus be declared surplus and sold. The property consists of an unimproved parcel approximately 300' by 240' between 13th and 14th streets and "T" and "I" Avenues.

Staff Recommendation to the Committee

It was recommended that an area of approximately 1.65 acres on the east side of the campus as described above be excluded from the approved projected campus boundaries, be declared surplus to the needs of the Board, and be offered for sale in accordance with the provisions of Oregon statutes.

Discussion and Recommendation by the Committee

Mr. Richardson asked whether there was a need for more student housing at Eastern, and Mr. Lundy replied married student housing was not in short supply. There would be adequate space for additional housing if it became necessary because there are about 30 acres of completely undeveloped land on the campus.

The Committee recommended that the Board approve the staff recommendation and place the request on the Consent Agenda for the October Board meeting.

Board Discussion and Action (September 7, 1989)

The Board placed this item on the Consent Agenda for the October meeting.

Board Discussion and Action (October 20, 1989)

The Board approved the Committee recommendation, with the following voting in favor: Directors Bailey, Bruggere, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.
Staff Report to the Board

Oregon State University recently purchased a parcel of land from the OSU Foundation at 621 SW 17th Street in Corvallis. The property, acquired at a cost of $43,000, is a 5,000 square foot lot (.115 acres) improved with a 780 square foot two-bedroom residence.

At the December 18, 1987, Board meeting, it was reported that the property would be purchased from Article XI-F(1) bonds proceeds to be repaid from Parking Operations. Since the December 1987 meeting, Oregon State University has changed the use of the property from parking to Physical Plant operations for use as an office for the janitorial contractor, and the property was purchased from balances available to the institution rather than using bond funds.

Board Discussion and Action

The Board accepted the report as presented.

Staff Report to the Board

The University of Oregon Foundation donated to the University of Oregon a parcel of land in the Charleston-Coos Bay area. The land (approximately 10.35 acres) was given to the Foundation by Mrs. Doris L. Sengstaken Brinkman (a 1924 University of Oregon graduate) under the condition that it remain in its natural state for use of the Oregon Institute of Marine Biology. The property, which adjoins tidelands used in research by the Institute, is located on a sand spit north of the Marine Biology Institute in Charleston.

Board Discussion and Action

The Board accepted the report as presented.

Staff Report to the Board

A summary of activities within the Office of Administration’s Facilities Division is presented below:

Contracts for Professional Consulting Services

Physical Plant, Receiving and Storage Survey, EOSC

An Agreement was negotiated with Anderson Perry & Associates, Inc., surveyors, La Grande, for surveying services not to exceed $2,074. Financing will be provided from building fees.
<table>
<thead>
<tr>
<th>Department/Project</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting Engineering Services, OSU</td>
<td>An Agreement was negotiated with Carson, Bekooy, Gulick &amp; Associates, engineers, Portland, for engineering services not to exceed $50,000. Financing will be provided from state funds.</td>
</tr>
<tr>
<td>Consulting Engineering Services, OSU</td>
<td>An Agreement was negotiated with Paraclete Engineers, Inc., engineers, Vancouver, Washington, for engineering services not to exceed $50,000. Financing will be provided from state funds.</td>
</tr>
<tr>
<td>Backflow Prevention Program, UO</td>
<td>An Agreement was negotiated with Systems West Engineers, Inc., engineers, Eugene, for engineering services not to exceed $10,400. Financing will be provided from institutional departmental funds.</td>
</tr>
<tr>
<td>Campus Lighting Upgrade, UO</td>
<td>An Agreement was negotiated with Warner Engineering, engineers, Eugene, for engineering services not to exceed $1,500. Financing will be provided from state funds.</td>
</tr>
<tr>
<td>Hamilton Hall Kitchen Alterations, UO</td>
<td>An Agreement was negotiated with Bloodworth, Ellis, Seder, McNamara Architects, architects, Portland, for architectural services not to exceed $165,250. Financing will be provided from housing funds.</td>
</tr>
<tr>
<td>Johnson Hall, Conference Room Lighting, UO</td>
<td>An Agreement was negotiated with Warner Engineering, engineers, Eugene, for engineering services not to exceed $600. Financing will be provided from institutional departmental funds.</td>
</tr>
<tr>
<td>Basic Science Building Addition/CROET, OHSU</td>
<td>An Agreement was negotiated with Vik Construction Company, engineers, Eugene, for engineering services not to exceed $24,000. Financing will be provided from a federal grant.</td>
</tr>
<tr>
<td>Vollum Institute for Advanced Biomedical, OHSU</td>
<td>An Agreement was negotiated with Northwest Engineering Services, Inc., engineers, Tigard, for engineering services not to exceed $7,050. Financing will be provided from gift funds.</td>
</tr>
</tbody>
</table>

**Awards of Construction Contracts**

- **Campus Way 11th to 14th Streets Widening Project, OSU**
  
  On August 9, 1989, Morse Bros., Inc., was awarded a contract for this project in the amount of $68,538.45. Financing will be provided from state funds.

- **Gilbert Hall Remodel—Rooms 203/205, 208 & 214, OSU**
  
  On September 5, 1989, Beaver Plumbing & Heating, Inc., was awarded a contract for this project in the amount of $64,153. Financing will be provided from institutional departmental funds.
Meeting #581

October 20, 1989

Parker Stadium Improvements End Zone, OSU

On September 1, 1989, Dale Ramsay Construction Co. was awarded a contract for this project in the amount of $1,273,008. Financing will be provided from the OSU foundation loan, gifts, state bonds and cash on hand.

Powell Butte Shop Building, (Central Oregon Exp. Sta.), OSU

On September 6, 1989, Alan Roth Construction was awarded a contract for this project in the amount of $90,747.85. Financing will be provided from state lottery funds.

President’s Residence Re-roofing, OSU

On September 6, 1989, Merle Doty & Son, Inc., was awarded a contract for this project in the amount of $40,400. Financing will be provided from state funds.

Amazon Housing Electrical Improvements—Phase I, UO

On August 9, 1989, Beacon Electric was awarded a contract for this project in the amount of $85,844. Financing will be provided from housing funds.

McMorran House Reroofing Project, UO

On August 21, 1989, Kast Construction, Inc., was awarded a contract for this project in the amount of $51,562. Financing will be provided from capital repair funds.

Science V Sidewalks, UO

On September 28, 1989, McKenzie Commercial Contractors, Inc., was awarded a contract for the Science Facilities Additions and Alterations (Science V Sidewalks) Project in the amount of $39,588. Financing will be provided from federal funds.

Science II Campus Electrical System Pad-mounted Transformer Installation, UO

On September 19, 1989, McPheeters Electric Co. was awarded a contract for this project in the amount of $90,850. Financing will be provided from capital repair funds.

University Inn Freezer Installation, UO

On September 19, 1989, Kast Construction, Inc., was awarded a contract for this project in the amount of $30,784. Financing will be provided from housing funds.

CDRC East End Library Reroofing, OHSU

On September 15, 1989, Buckaroo-Thermoseal, Inc., was awarded a contract for the Child Development and Rehabilitation Center East End Library Reroofing Project in the amount of $39,998. Financing will be provided from state funds.

Acceptance of Projects

Benton Hall Acoustical Remodel Project, OSU

This project is complete and was accepted on August 25, 1989. The estimated total project cost remains at $12,264. Financing was provided from state funds.
Meeting #581

This project is complete and was accepted on August 22, 1989. The estimated total project cost remains at $29,675. Financing was provided from housing reserves and a matching grant from the U. S. Department of Energy.

Westmoreland Family Housing Exterior Painting Phase V, UO

This project is complete and was accepted on August 15, 1989. The estimated total project cost remains at $26,012. Financing was provided from housing funds.

Westmoreland Family Housing Reroofing Project Phase V - 1989, UO

This project is complete and was accepted on August 15, 1989. The estimated total project cost remains at $24,611. Financing was provided from housing funds.

Medical Research Bldg. Carbonizing Furnace Project, OHSU

This project is complete and was accepted on August 23, 1989. The estimated total project cost remains at $89,252. Financing was provided from state funds.

Board Discussion and Action

The Board accepted the report as presented.

ITEMS FROM BOARD MEMBERS

Mr. Johnston reported he had attended the library opening on the campus of Eastern Oregon State College in late September. The fine arts building also is under construction at Eastern Oregon State College, and Mr. Johnston said it will be a very beautiful building when it is completed.

Presidential Search, PSU

Mr. Bruggere said the Portland State Presidential Search Committee was on schedule and the position announcement would be out in about two weeks. Mr. Bruggere and Dr. Large will be traveling to Washington, D.C., in the near future to make various individuals and groups aware of the position opening.

OCATE Opening

Mr. Bruggere indicated he had attended the grand opening of the new OCATE facility. There was excellent attendance at the formal ceremonies which featured comments from Mr. Bruggere, the Chancellor, Mr. Bragdon, and Dr. Owen. At the conclusion, there was a tour of the facilities.

Opening of Science Facilities, UO

Mr. Miller reported he and Mr. Swanson had attended the opening of the new science facilities at the University of Oregon. The science complex is an extraordinary facility that will mean a great deal to the state. The occasion was marred by unfortunate interruptions, but Mr. Miller said the Chancellor, Dr. Brand, and Dr. Moseley handled a very difficult situation extremely well.
Mr. Hensley said he shared Mr. Miller's concern about the interruptions and had been in communication on behalf of the Board with some of the dignitaries involved in the opening and dedication.

SOSC Visit

Mr. Swanson said he had been very impressed during his visit to Southern Oregon State College and thanked those who participated.

IFS Meeting in La Grande

Mr. Bailey said he had met with the Interinstitutional Faculty Senate at a recent meeting in La Grande. Many of the concerns of that organization coincide with the Board's concerns, and the group is very supportive of the progress of the State System. He said the dialogue is valuable to all concerned and thanked the Interinstitutional Faculty Senate for the opportunity of meeting with them.

Miss Matthews thanked the people of Ashland and Southern Oregon State College for the excellent visit to the institution and expressed her appreciation to other Board members for making her feel welcome in her first meeting.

Ms. Wilson also thanked President Cox and his colleagues for the outstanding visit to Southern Oregon State College.

PRESIDENT'S REPORT

Mr. Hensley said he had attended the dedication of the entrepreneurial center given to the University of Oregon by one of its graduates.

Mr. Hensley expressed his appreciation to the Board members who had participated in the visit the previous day.

He announced that the inauguration of President Brand would take place on Saturday, November 4, 1989. He indicated all Board members were invited to attend.

Next Meeting Dates

Mr. Hensley announced that the next regular Board meeting would be held on Thursday, November 16, 1989, at Portland State University. The date and place of the November meeting were changed from the original schedule. Arrangements have also been made to change the December meeting to Thursday, December 14. The meeting will be held at the new OCCATE facility in Portland. The January 19, 1990, meeting will be in Eugene and will be preceded by a visit to the University of Oregon.

Board Renewal

Mr. Hensley reminded the Board of the discussion at the August Renewal session about having an additional mid-year renewal. He requested Dr. Large to discuss with Board members the possibility of a mid-year meeting.
Mr. Hensley said one of the outcomes from the joint meeting with the Board of Education and the Economic Development Commission had been an agreement to form a steering committee composed of members of the three groups to continue the work begun at the joint meeting. Mr. Hensley appointed Mr. Dodson, Mr. Bailey, and Ms. Wilson to the steering committee. All are members of the Board’s Planning Committee.

Mr. Hensley announced that the Board would recess and convene in Executive Session. He requested Mr. Lemman to read the appropriate announcement.

Mr. Lemman said the State Board of Higher Education would meet in Executive Session at 9:45 a.m. on October 20, 1989, in Room 313 of the Stevenson Union, Southern Oregon State College, Ashland, Oregon. The Executive Session, from which the public was excluded, was held pursuant to ORS 192.660(1)(h) for the purpose of consultation with legal counsel concerning current litigation. Pursuant to ORS 192-660(3), representatives of the press and news media were allowed to attend, but the Board required that the discussions and any reports received in the Executive Session would remain undisclosed. Pursuant to ORS 192.660(4), no final action would be taken or final decision made at the Executive Session. Mr. Lemman then asked if any member of the Board objected to convening in Executive Session for the purpose and under the conditions described.

There being no objection, Mr. Hensley recessed the Board meeting to reconvene in Executive Session. Following the Executive Session, Mr. Hensley reconvened the Board meeting, indicating that no Board action was required as a result of the session because the Board only received a report during that time.

Mr. Hensley then convened the Board as a Committee of the Whole for the presentation of two discussion items. The first topic would present information concerning the student services at the various State System institutions. The second was an overview of endowments and investments.

Dr. Large introduced the student affairs officers of the State System institutions. He said the Chancellor’s Office staff was deeply grateful to the group for accepting the responsibility on very short notice of making the first presentation in the new format for in-depth discussions of various issues. He said the group meets regularly under the leadership of a rotating coordinator, currently Dr. Gerard Moseley of the University of Oregon.

Dr. Moseley said the presentation would attempt to give the Board a glimpse of student services in the State System. They begin
with the initial inquiry from a potential student, through admissions, orientation, advising, financial aid, registration, and other core activities. In addition, there are other evolving services to provide appropriate support in response to changes in the student population.

The presentation on student services consisted of four parts: A profile of the State System’s students which described the kinds of students coming to the institutions; a review of the student services programs for undergraduate and graduate students; a description of the staffs in student affairs indicating the persons and duties involved; and comments concerning the issues and challenges for students services at the present time and in the 1990s. During the presentation of the four areas, the student affairs officers cited examples of specific cases and activities which are part of the total student affairs responsibility.

Financial support for student services programs comes from the following sources: 70% from incidental fees and auxiliary enterprise, 4% from fees for use of a particular service, 25% from the General Fund resources that include tuition, and 1% from special grants and contracts. The percentages vary among the campuses but on the average are comparable to those in student services across the country. In response to questions about possibilities for cutting costs, it was stated some of the services have been mandated through various types of legislation. If services had to be reduced, some areas would be more critical to retain than others.

Housing is an important issue in terms of cost, availability, and changing needs.

Substance abuse and the enforcement of responsible behavior has become an important element on the campuses. Student affairs officers have developed a number of educational programs to aid students in making responsible decisions. Similar efforts have been made with respect to security.

Board members expressed an interest in academic advising and the improvement of those services. Special efforts for recruitment and retention of minority students were mentioned. They also touched on emerging and potential issues for students in the future.

Mr. Hensley thanked the student affairs officers for their efforts in preparing the presentation and assured them of the interest and support of the Board.

BOARD LUNCHEON The Board met for luncheon but discussed no business at that time.
The second topic for discussion of issues was the overview of endowments and investments. Board members were provided with a document entitled "Endowments and Investments," a copy of which is on file in the Board’s Office. Mr. Lemman reviewed the material in the report.

Mr. Richardson asked whether there was a particular reason for the trend toward institutions asking that gifts be made through their foundations, as mentioned in Section III of the report.

Mr. Lemman explained the foundations in some instances use the same money managers as the State System so management is not an issue. The institutions and the foundations want the foundations to grow. Success begets success, and foundations thus can demonstrate their ability to manage large sums of money properly. Foundations are permitted to accept living trusts, a very popular means of giving assets to the institutions, but the State System does not have that option.

Mr. Bruggere asked if this trend did not place more responsibility on the Board to make certain the foundations were not simply autonomous entities but were required to abide by some guidelines.

Mr. Lemman responded the foundations were charitable organizations and subject to the Oregon Corporation Act and Internal Revenue Code requirements to maintain exempt status for tax deductible donations. He said he could think of no standards or requirements which the Board could establish that would be any stricter than those which already applied.

The Chancellor pointed out that the issue really was not one of possible mismanagement but one of control of the resources.

Ms. Wilson suggested it might be worthwhile for the Board to consider giving some additional direction to the presidents of the institutions.

Mr. Lemman then continued with the report and responded to questions concerning voting of stock ownership, investment objectives, the investment portfolio ratios, the impact of social or political pressures, and quasi-endowments.

Mr. Hensley adjourned the meeting of the Committee of the Whole and reconvened the Board meeting.

ADJOURNMENT

The Board meeting was adjourned at 2:00 p.m.

Richard F. Hensley, President

Hilma L. Foster, Secretary