MINUTES OF REGULAR MEETING OF THE
STATE BOARD OF HIGHER EDUCATION HELD
April 20 & 22, 1990

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STATE BOARD OF HIGHER EDUCATION
MINUTES OF REGULAR MEETING HELD IN
ROOM 338, SMITH CENTER, PORTLAND STATE UNIVERSITY
PORTLAND, OREGON

April 20 & 22, 1990

Meeting #587

A regular meeting of the State Board of Higher Education was held in Room 338, Smith Center, Portland State University, Portland, Oregon.

ROLL CALL

The meeting was called to order at 9:00 a.m., Friday, April 20, 1990, by the President of the Board, Mr. Richard F. Hensley, and on roll call the following answered present:

Mr. Robert R. Adams  Mr. Rob Miller
Mr. Bob Bailey  Mr. George Richardson, Jr.
Mr. Tom Bruggere  Mr. Leslie M. Swanson, Jr.
Mr. Gary Johnston  Ms. Janice J. Wilson
Miss Annette Matthews  Mr. Richard F. Hensley

Absent: Director Dodson was out of the country.

Chancellor Bartlett and Presidents Blake, Brand, Byrne, Edgington, Gilbert, and Kohler were present. President Cox was out of the country, and President Meyers was out of the state.

OTHERS PRESENT

Chancellor’s Office—Chancellor Thomas Bartlett; Wilma Foster, Board Secretary; W. T. Lemman, Executive Vice Chancellor; John Owen, Vice Chancellor, OCATE; Larry Large, Vice Chancellor, Public Affairs; Robert Frank, Interim Vice Chancellor, Academic Affairs; Davis Quenzer, Associate Vice Chancellor, Budget and Fiscal Policies; R. S. Perry, Associate Vice Chancellor, Administrative and Information Systems Services; George Pernsteiner, Associate Vice Chancellor, Facilities Division; Joe Sicotte, Associate Vice Chancellor, Personnel Administration; Virginia Thompson, Executive Assistant to the Chancellor; Melinda Grier, Director, Legal Services and Compliance Officer; Ron Anderson, Assistant Vice Chancellor, Personnel Administration; Roger Olsen, Director, OCATE; Virginia Boushey and Gary Christensen, Assistant Vice Chancellors, Academic Affairs; Barbara Barrie, Personnel Officer; Jim Sellers, Director of Communications.

Eastern Oregon State College—President David Gilbert; James Lundy, Dean of Administration; James Hottois, Dean of Academic Affairs; Patricia Middelburg, Program Development Specialist.
Oregon Health Sciences University—President Peter Kohler; Lesley Hallick, Vice President, Academic Affairs; Hank Van Hassel, Interim Vice President, Administration; Tom Fox, Vice President, Development and Public Affairs; Ralph Tuomi, Assistant Vice President, Facilities Management.

Oregon Institute of Technology—President Larry Blake; Chris Eismann, Dean of Academic Affairs; Doug Yates, Acting Dean of Administration; Jim McAtee, Associate Dean, Academic Affairs; Christine Somervill, Executive Assistant to the President.

Oregon State University—President John Byrne; Graham Spanier, Provost and Vice President for Academic Affairs; L. Edwin Coate, Vice President, Finance and Administration; M. Lynn Spruill, Vice President, University Relations.

Portland State University—Interim President Roger Edgington; Earl Mackey, Vice President, Development and External Affairs; Frank Martino, Provost; Gary Powell, Acting Vice President, Finance and Administration.

Southern Oregon State College—Ron Bolstad, Dean of Administration; Stephen Reno, Dean of Academic Affairs; Ron Kramer, Director, KSOR; Cynthia Ford, Director, Regional Services Institute.

University of Oregon—President Myles Brand; Dan Williams, Vice President, Administration; Norman Wessells, Provost; Barbara Edwards, Associate Vice President, Public Affairs and Development.

Western Oregon State College—Bill Cowart, Provost; Bill Neifert, Dean of Administration; Peter Courtney, Assistant to the President; Karen Burch, Broadcast Media Specialist.

Interinstitutional Faculty Senate Members Attending the Meeting—Margaret Berroth, OHSU; Eugene Enneking, PSU; Rick Hardt, PSU; Herb Jolliff, OIT; Pat Wells, OSU.

Others—Tom McClellan, Budget Analyst, Executive Department; Lisa Horowitz, Executive Director, OSPIRG; Lynn Pinckney, Executive Director, and Kate Menard, Executive Assistant, Oregon Student Lobby; Peggy Archer, Legislative Analyst, Legislative Fiscal Office; Jerry D. Rust, Director, Financial Analysis, Pacific Power & Light; Jerry Fisher, Manager, Public Affairs, Hewlett-Packard.
MINUTES APPROVED

The Board dispensed with the reading of the minutes of the last regular meeting held on March 16, 1990, and approved them as previously distributed. The following voted in favor: Directors Adams, Bailey, Johnston, Richardson, Wilson, and Hensley. Those voting no: None. Directors Bruggere, Matthews, Miller, and Swanson were absent from the meeting at this time.

CHANCELLOR'S REPORT

Evaluations of Presidents Gilbert and Meyers, EOSC and WOSC

The Chancellor stated the scheduled evaluations of four presidents of State System institutions had been completed in March with the evaluations of Presidents Gilbert and Meyers. Established procedures were followed, and the process went smoothly.

The Chancellor said it was very clear from all of the evidence accumulated that President David Gilbert had been effective in bringing about a positive and productive sense of direction to Eastern Oregon State College. Under his leadership, the institution has developed a strong commitment to serve its region and a great deal of ingenuity, as is evident in the forms that its outreach has taken in service to its region. The evaluator concluded by saying, "President Gilbert has done an excellent job with the resources available to him. It appears that he has been and continues to be the right person for Eastern." The evidence of strong leadership at Eastern is outstanding, and it came through at every point in the evaluation.

The Chancellor said it was very clear that President Meyers had succeeded in developing an effective atmosphere of collegiality and restored positive attitudes about the college on campus and off. He has attacked the challenges of Western Oregon State College with energy and determination and has led that campus from what were some very difficult years at the outset to its present very strong good health. President Meyers' leadership is clearly evident in all the progress that Western has made in these years.

Change in Title of Dean of Students, PSU

The Chancellor said President Edgington had requested approval to change the title of the Dean of Students to Vice President for Student Affairs. The change would be consistent with national practice and with the practices at some of the State System campuses. The Chancellor said the description of the position seemed to warrant the change and recommended that the Board approve the request.

The Board approved the change as requested by President Edgington and recommended by the Chancellor. The following voted in favor: Directors Adams, Bailey, Johnston, Matthews, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None. Director Bruggere was absent from the meeting at this time.
The Chancellor announced that Mr. Lemman had been named to receive the Portland State University Outstanding Alumni Award for his 41 years of service to higher education in Oregon. He said there would be other opportunities to recognize Mr. Lemman’s service but it was important to mention this award by his alma mater at this time.

The Chancellor said two of the candidates presented to him for the presidency of Portland State University would be interviewed by the Board in Executive Session within the next few days. He said he hoped this would lead to a decision and an appointment.

The Chancellor expressed sadness with regard to the resignation of Dr. Larry Blake, President of Oregon Institute of Technology. He said Dr. Blake had made a great contribution to that institution as evidenced by his outstanding ability to communicate with the public, his bringing together of the Klamath Falls community, and his effective activity in Portland in establishing a branch campus there. The Chancellor said he had received a very strong letter of support and appreciation from the mayor and other leadership in the Klamath Falls community.

The Chancellor stated he understood well the reasons that led him to conclude he should resign. It was an act of statesmanship on his part and further testimony to his sense of service for Oregon Institute of Technology.

The Chancellor announced that a search for President Blake’s successor would begin immediately. He said President Hensley had appointed the following Board members to the search committee: Mr. Adams, chairman; Miss Matthews; and Mr. Swanson. The search process provides that the Chancellor’s Office will develop nominations for the search committee from the campus and community. He said Dr. Large would visit the institution shortly to begin the process of developing the rest of the membership of the committee.

The Chancellor said a decision would be made soon on an interim arrangement after the completion of Dr. Blake’s term on June 30, 1990. He said it was important to move forward quickly with the selection process so that the interim period would be as short as possible in order to maintain the momentum that clearly exists at Oregon Institute of Technology.

Mr. Hensley noted for the record that, although he had named the Board representatives to the search committee, the committee was actually the Chancellor’s committee. The Chancellor said that was correct and that he then had the responsibility to complete the search committee around those Board members.
The Chancellor invited Dr. Pat Wells, IFS President, to present a report from that organization.

Dr. Wells said Mr. Hensley had met with the group and suggested that the strategies for higher education in the 1991 Legislative Assembly would be based on the impact on students. He urged the Interinstitutional Faculty Senate to get higher education stakeholders to provide advice and suggested faculty could help to get current students involved.

She said comments from legislators at the meeting indicated the need for everyone to do a better selling job with respect to the needs and benefits of higher education. She asked how faculty could work with members of the Board on this challenge.

The Interinstitutional Faculty Senate has reviewed the preliminary report from the Governor’s Commission on Higher Education in the Portland Metropolitan Area. In general, the senators were supportive but hoped the other institutions would not suffer in order to meet the stated concepts. A subcommittee was appointed to develop a draft response to this preliminary report. Gene Enneking will serve as chairman of the subcommittee. She noted that all campuses were concerned that no one really knows what is happening in the area of education. The Board needs to direct the staff to assure a direct line of communication.

Dr. Wells said there was some concern with respect to how well the IFS representatives to the Board’s committees were working in terms of improved communication because meetings of the Board’s standing committees have been limited. She affirmed the commitment of the Interinstitutional Faculty Senate to making this concept work.

Dr. Wells said the IFS would meet on June 1 and 2 at Portland State University. The agenda includes a discussion of the Division of Continuing Education, planning for the Legislative Session, a report from the subcommittee on higher education in the Portland area, and a report on institutional governance. The June meeting also will include election of new officers.

Dr. Wells said she had enjoyed the opportunity to talk with the Board on behalf of the Interinstitutional Faculty Senate and wished the Board much success in the 1991 Legislative Assembly. She assured the Board that as an emeritus professor she would be lending her support to those issues that affected higher education.

Mr. Hensley expressed the Board’s appreciation to Dr. Wells and to the Interinstitutional Faculty Senate because he believed the two groups had moved into a new arena of shared communication.
He said he believed the Board was thoroughly convinced that it was part of its responsibility to support and develop the institutional facilities to their full potential. He also said he appreciated all of the support that Dr. Wells personally had given during her term of office.

**Staff Report to the Board**

In February 1989, the Board authorized staff to seek approval from the Legislative Assembly for the final phases of the construction of the Len Casanova Center at the University of Oregon’s Autzen Stadium. The project was approved by the Assembly with a limitation of $7,095,000. Bonding authority was approved to support the project.

Phases IIId and IIe of the Casanova Center involve finishing the interior spaces throughout most of the building and providing landscaping and some paved parking spaces. (A few areas, notably the home team’s locker room, were finished as part of earlier phases.) The rooms to be finished and equipped include the equipment room, training center, wrestling room, visitors’ locker room, Athletic Department offices, hall of fame, meeting rooms and athletes’ lounge.

The first three phases of the Casanova Center project have been bid and are nearing completion. These phases will be within the budget allocated for them. The track record of the architect and the university in meeting cost objectives while accomplishing all the work expected has been good.

Because contributions (including in-kind donations) are expected to reach $700,000, the need for additional Article XI-F(1) bonds to finance the final phases of the project as originally budgeted is an amount sufficient to raise only $6,505,000. (This is in addition to more than $7.8 million of bonds already issued for Autzen Stadium improvements.) Debt service on the additional bonds will average about $540,000 per year, raising the total annual debt service on all the Autzen Stadium bonds to about $1,145,000.

The revenue needed to meet debt service requirements would come from a variety of sources: the sale of skyboxes and sky-suite seats, a "big game" surcharge on tickets sold for major football games, and a general surcharge on the tickets sold to all athletic events. These sources will contribute about $930,000 per year toward meeting the debt service requirements.

The University intends further to resell the "covered" sponsor seats in the south grandstand when the current contracts for them...
expire at the end of the 1991 football season. There are nearly 2,200 such seats. Although the University plans to charge $500 per season (plus the regular ticket price) per seat, less than $300 per ticket is needed to meet debt service needs.

Staff believe that most of the revenue assumptions used by the University are conservative and fall well within the requirements the Board must meet before authorizing the issuance of Article XI-F(1) bonds.

Although it appears that sufficient dedicated revenues should be available to repay the bonds needed to finance the final phases of the Casanova Center, there are other financial matters which must be considered before proceeding with the project. The Athletic Department forecasts the need to make nearly $1.4 million of improvements to Autzen, the Stevenson Track, and McArthur Court within the next 10 years. If these improvements were made according to the Athletic Department's current schedule, their cost would draw the capital reserve accounts into a deficit position from 1992 through 1996. The Athletic Department has indicated a willingness to phase these improvements, to finance rather than to pay cash for some of the larger items and to spread the skybox debt repayment over 10 years.

In an effort to reduce the potential of deficits in the capital accounts, staff have requested that the University of Oregon consider scaling back this project as well. The architect is designing the final phases of the project to a budget of about $5,820,000, exclusive of gifts. Reducing the amount of the bond issue to yield that amount would cut the principal of the debt by $685,000 and reduce the average annual debt service by about $55,000. The Athletic Department would prefer not to reduce this amount since it could be used for a covered pedestrian skybridge between the Casanova Complex and Autzen Stadium itself.

Coupled with the restructuring of the skybox debt and the deferral and financing of other Athletic Department improvements, the reduction of the bond amount for the Casanova Complex will permit the capital accounts to operate in the black throughout the term of the bonds if the premium received for sponsor seats averages $270 per year for the 2,200 seats involved. Therefore, it appears that means can be found to ensure that the bonds will be liquidated from dedicated revenues even after repaying the skybox debt and making needed future improvements.
The following table summarizes debt service and revenue sources related to this agenda item.

### Average Annual Debt Service Requirements

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casanova Center Completion</td>
<td>$485,000</td>
</tr>
<tr>
<td>Skybox Debt &amp; Other Improvements</td>
<td>$110,000</td>
</tr>
<tr>
<td>Existing Autzen Stadium Debt</td>
<td>$605,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,200,000</strong></td>
</tr>
</tbody>
</table>

### Revenue Sources

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracts for Skyboxes &amp; Skysuites</td>
<td>$510,000</td>
</tr>
<tr>
<td>&quot;Big Game&quot; Football Surcharge</td>
<td>$120,000</td>
</tr>
<tr>
<td>General Ticket Surcharge</td>
<td>$300,000</td>
</tr>
<tr>
<td>Sponsor Seat Premiums</td>
<td>$270,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,200,000</strong></td>
</tr>
</tbody>
</table>

In reviewing the proposed financing plan, the Board's staff has examined the question of whether the completion of the Center is a prudent decision in light of recent annual and cumulative operating deficits. We are satisfied that PAC-10 policies and other covenants prohibit most of the funds identified by the University to meet debt service to be used for operating expenses. Further, the Board has requested the staff and the three universities to present at the June Board meeting a plan for eliminating the accumulated deficits. Alternatives are now being explored.

The proposed schedule and other staff recommendations would permit seeking Emergency Board approval to proceed at the May meeting of that body, bidding the project but delaying the award of a construction contract until after the June Board meeting.

**Staff Recommendation to the Board**

The staff recommended that the Board concur in the request of the University of Oregon and authorize the staff to seek from the State Emergency Board the authorization to expend Other Funds for Phases IIId and IIe of the Autzen Stadium Casanova Center under the following conditions:

1. $685,000 of the project's budget be reserved and not released. This has the effect of making the amount sought for release $6,415,000 and reducing the bond requirements to $5,820,000.

2. Advertise for bids on two packages, one of which completes the final phases of the Center and one of which merely meets code requirements and leaves the rest of the Center's interior unfinished. The alternate is estimated to cost $250,000.
3. Delay contract award until after the Board considers the athletic deficit elimination plan in June and gives authorization to proceed.

4. Remove the bonds earmarked for the Casanova Center from the spring 1990 sale. (Other projects, for which bonds were sold in the fall of 1989 are behind schedule. If the Casanova Center contract were awarded in June, sufficient cash would be available for temporary transfer from these projects, pending issuance of the Casanova Center bonds in the fall of 1990. If the Board decides not to award a Casanova Center contract for total completion, only those bonds needed to meet code requirements would be sold.)

5. Restructure the debt for the skyboxes and skysuite to call for a ten-year payback of the remaining debt, beginning this fiscal year.

6. Require the University of Oregon to agree to and abide by a realistic and affordable Capital Improvement Plan for its athletic facilities which is approved by the staff, with results reported to the Board on an annual basis.

This recommendation would permit the staff to seek release of the funds from the Emergency Board in May so that the project would not be unduly delayed. However, the Board would have the ability to decide not to move forward with the project during its June consideration of athletic department deficits.

Board Discussion and Action

Mr. Fernsteiner said when the Board authorized seeking approval of this project from the 1989 Legislature, the staff was asked to take a very careful look at its financing before actually moving forward with construction. This has been done. Mr. Fernsteiner said the first three phases were nearing completion and were within the budgets. He then reviewed the financing for the final phases as set forth in the above staff report and noted that the recommendations differ somewhat from the proposal a year ago to establish this project.

Mr. Hensley asked about the average annual debt service requirements of $1.2 million which were balanced by revenue sources that appeared to be predicated on the success of sales.

Mr. Fernsteiner said the $510,000 represented sales already made. The $4 "big game" surcharge presumes attendance of 30,000 people at big games, usually Oregon State University or the University of Washington. That is a conservative number of people for those particular games. The general ticket surcharge is already in effect and pledged to the debt service on the bonds sold for the
earlier stages of this project. The amount of $300,000 appears to be a reasonable number based on the fact that there will be seven home games per year throughout most of the 1990s. He said the sponsor seat premiums are the only revenue source not already in place. The plan would sell 2,200 seats currently under cover in the grandstand to sponsors who would pay a premium of $500 to $1,000 a seat for that privilege. In theory, it would raise $1.1 million, and the $270,000 included in the revenue sources would seem to be a reasonable figure.

Mr. Miller asked about the use for any additional revenue above the $270,000 listed for sponsor seat premiums. Mr. Pernsteiner responded that staff would look at other capital improvements or diverting some of that money into operating expenses. The seats have not yet been sold, and there are no current restrictions on how the money is used. This allows greater flexibility for this category of revenue than the others.

Mr. Miller then inquired whether, if more money were raised, it would be appropriate for the Board to ask that it be allocated within the revenue source function already dedicated to this project rather than other capital construction projects in order to pay the debt faster.

Mr. Lemman said the bonds to be issued for the project would be 30-year bonds and usually would not be callable for the first 15 years. If the funds were dedicated to debt reduction, probably they would need to be banked during that 15-year period. A recommendation could be made to the State Treasurer to have the bonds be callable, but it would increase the price slightly.

Mr. Johnston asked about the consequences of delaying the decision to go to the Emergency Board until the Board had authorized proceeding with the project in June.

Mr. Pernsteiner explained that going to the May Emergency Board meeting would permit bidding the project immediately if the Board of Higher Education approves the project in June. The project could then be completed before the start of the fall 1991 football practice. Deferral of the presentation to the Emergency Board until July might make it impossible to meet that deadline.

Vice President Dan Williams said the University of Oregon did not want the project delayed because it had use for the facilities in the fall and wanted to take advantage of the limited construction season in Eugene. He also commented that the financial plan was very responsible and conservative and the risks of moving ahead were very minimal.

Mr. Bruggere asked what would happen if these optimistic revenue projections were not achieved. Mr. Pernsteiner noted that the first three revenue sources were already in place and generating
this kind of money. Some are actually committed and long-term contracts have been signed. These are conservative estimates. If a shortfall should occur, athletic facilities are supported by residual balances in the building fee, but he said this had never been necessary to his knowledge. The building fee is commingled.

Mr. Lemmon stated the Board could instruct the institution to pay any shortfall in revenue sources out of other operating revenues in the athletic department. The athletic department budget is about $10 million a year, and the staff believes that $1.2 million of that is very conservatively estimated to be available for debt service. At least part of the other $9 million theoretically would be available for debt service as well before looking at other sources.

Mr. Adams asked about the size of the bid packages which would be proposed. Mr. Persteiner indicated there would be two packages. One, which would include all of the construction, would be a $4 to $4.5 million estimate, with the rest of the cost being equipment, design, and similar items. The smaller package of about $250,000 would be for weatherproofing the upper floor of the building and meeting code requirements for the City of Eugene. They would be bid as alternates A and B.

Mr. Adams said consideration should be given to the substantial cost to the contractor involved in preparing bids when there is a possibility no contract award may be made.

Mr. Adams said the athletic deficits were another concern of the Board and one which would be discussed in June. Mr. Adams stated those problems are not easily solved, and he could not anticipate the Board's action in June. It should be understood the issue of athletic deficits and any impact it might have on the programs is still unresolved. Mr. Johnston indicated he also was uncomfortable in proceeding with this project prior to the June discussion of the athletic deficits.

Mr. Hensley asked whether the Board would review a request for a similar project from any other institution on the same basis as this one if the institution could prove its revenues and viability. Mr. Persteiner said that would be his recommendation if it were a project which the Board had already approved as a project.

Mr. Swanson complimented the staff on its analysis of this complex problem. He said the plan seemed to be a reasonable solution without overly committing the Board and at the same time not delaying progress.

Miss Matthews referred to the statement that PAC-10 policies and other covenants would prohibit most of the funds identified by the university for debt service to be used for operating expenses. She asked whether this meant the money could not go toward the athletic debt in any event.
Mr. Pernsteiner responded that the first three items under revenue sources currently were committed by agreements either with the people who bought the seats or with the PAC-10 to go for capital items. It would be necessary to negotiate a different use with those entities. The fourth item has no restrictions.

Dr. Robert Frank commented as a faculty representative to the PAC-10 Conference on the possibility of successful negotiations for a different use of the revenue. He said there were agreements within the Conference on the distribution of the revenues generated by games for the payout to the visiting team which is determined on the basis of the revenue collected from the ticket charge. The Conference at times will agree to an additional charge that stays at the institution and does not enter into the distribution agreements. The visiting team gets a guaranteed amount.

It was moved by Mr. Swanson and seconded by Mr. Bailey that the Board approve the staff recommendations.

Mr. Bruggere suggested the Board might wish to explore further the option of delaying action pending the June discussion about athletic deficits. He said the building would require incurring indebtedness which would need to be repaid. If it could not be repaid from the projected revenue sources, it would have to be repaid from another source, perhaps athletic money or the system-wide building fee. He indicated he wanted to be assured there was an adequate plan in the event a revenue shortfall occurred.

Mr. Hensley said on several occasions the Board had approved parking structures that were to be paid for by revenue and asked Mr. Lemman to illustrate how this project would differ from a parking structure.

Mr. Lemman said in the sense of repayment from revenue there was no difference. He explained there are different categories of bonded indebtedness—one for housing, which is commingled among the institutions; one for family housing; one for parking; one for building-fee supported activities; and one for everything else. This falls in the latter category. He said the staff considered the revenue estimates to be conservative. If all of the 2,200 premium seats were sold at the anticipated premium, it would generate $1.1 million, of which only $270,000 is included as a revenue source. That leaves $800,000 of potential revenue from that source before it would be necessary to look at the operating budget, much less the building fee. That $800,000 is two-thirds of the debt service and exceeds the debt service on this particular project.
Mr. Lemman stated that the Constitution under which these bonds are issued requires the Board to look at a conservative estimate of self-supporting and self-liquidating financing. The staff would not have brought the project forward unless all concerned genuinely had believed that this would be the case over a 30-year period.

Mr. Hensley commented there is a concern from Board members because generally-speaking there is no tracking mechanism in force for the Board to know whether there have been shortfalls or the project has been successful. He asked where an institution would replace any revenue shortfall in the case of a parking structure.

Mr. Lemman said one of several sources could be used. One would be other auxiliary activity account balances. Board policy also requires a one-year debt service so that debt service could be paid for one year even with no income for that year. General Fund resources or building fees could be used. As a last resort, the Constitution requires the State of Oregon to levy a statewide property tax to meet the debt service. The bond holders are never at risk, but the Board and its reputation would be if it were necessary to exercise the last option.

The Chancellor said the question appeared to be what the relationship might be between the proposed action and the attempt to deal with the athletic deficits at the June meeting. At that time, the Board will be dealing with the problem of getting the operating levels to the point where they are not increasing the debt each year by deficits in operations.

Mr. Lemman said the only revenue which could be devoted to the operating deficit was the amount for sponsor seat premiums. If all 2,200 seats were sold as proposed, there would be another $800,000 which would apply to the operating program.

Mr. Richardson asked whether it would be necessary to make up the remainder of the $270,000 revenue from the sponsor seat premiums in the event that amount was not received.

Mr. Lemman said that was absolutely correct and, in his estimation, the University of Oregon would have to take it from its athletic budget. If that athletic budget had a deficit, this would further increase the deficit. The deficit would have to be balanced by borrowing funds from somewhere else. That problem would need to be faced regardless of the Board's action in June.

Ms. Wilson said she had understood the University already was selling sponsor seat premiums and was increasing the price now that the contracts were ended. She asked what the current revenue flow was.
Mr. Williams indicated it was about $200,000. He asked that the Board not overlook the fact that construction of the building was an important part of the University's strategy to respond to its deficit problem. A more attractive facility attracts better students and leads to better athletic programs with more wins and more income.

Mr. Bruggere said he was not opposed to the improvements but he felt it would make better fiduciary sense to delay a decision until the Board considered the deficit situation.

Mr. Lemman pointed out that the recommendations fully protected the Board by not awarding contracts until after the discussion of the deficit in June. No irrevocable steps would be taken and bonds would not be sold immediately. The staff would advertise for bids. The only disadvantage is Mr. Adams' concern that contractors would be subjected to some expense in bidding for a project that might not be awarded. The proposed action would allow about two months extra lead time in getting the project underway, assuming the Board gives authorization following the discussion of the athletic deficits in June.

Mr. Hensley said it was his understanding that it had been a long-term Board policy in advertising for bids for construction that the Board had the right to accept or reject any and all bids received. Further, it would be known generally to those contractors who were bidding that this project could fall in that category.

Mr. Pernsteiner said that was correct and that contractors were usually so notified in the language of the bid invitation if there are remaining approvals that need to be secured before the contract is actually awarded. The time between receipt of bids and contract award is specified in the bid invitation as 30, 45, or 60 days, with 10 days from award to execution. In this case, 45 days probably would be specified. There was a further brief discussion of the timing of the bids as they related to the June Board meeting. He also stated the cost for preparing bid sets and running advertisements would be between $2,000 and $5,000. This would represent the financial risk if the project were approved at the present meeting but did not go forward after the June discussion.

Mr. Swanson said his motion was made with the understanding that without Board approval the project could not go to the Emergency Board in May to get its necessary authorization for the project in the event the Board of Higher Education gives final approval in June. He said his motion was only made on the basis that the June decision could be negative. It was not intended as a final
decision to proceed with the project. In June, the Board may decide not to proceed and return to the alternative of just finishing the project at $250,000 rather than the major construction proposed.

In response to a question from Mr. Richardson, Mr. Pernsteiner said probably 20 bids a year were rejected, primarily because the bids come in too high or the bidders do not meet the affirmative action requirements. Usually those projects are redesigned and rebid. It is rare to advertise and obtain bids for a project and subsequently not award a contract.

Ms. Wilson suggested a compromise position of seeking Emergency Board authorization for the project but not going out to bid until the presentation at the June meeting. She said she would like to look at everything at one time but she also wanted to expedite the process without asking people to go to the effort and expense of submitting bids for a project that might not be constructed.

Mr. Pernsteiner said deferring bids until then would delay the contract awards until late July and result in a potential conflict with the 1991 fall season. The conflict would be less than if the presentation to the Emergency Board were deferred until its July meeting following the Board’s decision in June.

Mr. Bruggere said he had no problem with doing things that would expedite going forward as quickly as possible as long as they did not start a process that would be very difficult to stop. He said he was not opposed to doing anything that would move forward without taking a policy decision that might have to be reversed.

Mr. Adams said he had already stated his objections with regard to fairness to the contractors but, based on the safeguards discussed, he would vote to proceed with the motion. He said he did have a personal priority of doing something concrete and definite about deficit reduction and it would be his first priority in June.

Mr. Hensley said from a contractor’s viewpoint this was not an uncommon occurrence. There are many occasions, particularly in the private arena, when contractors bid on a project knowing there is a chance it will not be constructed.

The Board then approved the staff recommendations as presented, with the following voting in favor: Directors Adams, Bailey, Miller, Richardson, Swanson, and Hensley. Those voting no: Directors Bruggere, Johnston, Matthews, and Wilson.
Staff Report to the Board

Oregon State University officials have requested the approval of the Board of Higher Education to sell its electrical distribution system to and to enter into agreements with Pacific Power and Light Company. The agreements have been reviewed by counsel for both the Board and Pacific Power, as well as by an attorney for the Oregon Public Utilities Commission. Final details of the agreements are being worked out by the attorneys.

Pacific Power and Light Company is the electrical utility serving the Oregon State University campus and most of the Corvallis area. As such, it provides electrical energy to Oregon State University at a current cost of more than $2.1 million per year. However, Oregon State University is responsible for the repair and maintenance of its own electrical distribution system. Oregon State University spends about $15,000 per year on routine maintenance of that system. The 1989-1991 capital repair budget includes $330,000 for work on the antiquated electrical distribution system, most of which dates from the late 1940s.

For several years, campus officials have been concerned about the adequacy of Oregon State University's electrical system. Recent power outages have resulted in academic buildings being put out of service for a day or more at a time. The system is old, is based upon outdated technology, is subject to frequent building-or-area-specific failures, and has a single source of power supply (without back-up or redundancy). However, except for routine maintenance and replacement of the most egregious parts of the system, Oregon State University has lacked sufficient resources to address the system’s problems.

University officials began discussions with Pacific Power and Light over a year ago while exploring alternatives to Oregon State University’s planned electric energy cogeneration project. After considerable effort by the utility, the university, and the Attorney-General’s office, agreements have been reached on all major aspects. Approval to enter into formal agreements is being sought from the Board.

There are four agreements involved, all of which, if approved, would be executed simultaneously. The first sells Oregon State University's electrical distribution system facilities to Pacific Power and Light for one dollar. Pacific will become responsible for managing, operating and maintaining the system to which it takes title. (This system does not include any wiring within Oregon State University buildings.) It would operate and maintain this portion of its system in the same manner as any other portion. Oregon State University would be charged for electrical
energy in accordance with the schedule to which it is already subject. Oregon State University could repurchase the system in 1994 at a price based upon the depreciated original cost of any improvements Pacific makes to the system.

The second agreement relates to the use of the electrical distribution facilities. Its key provisions include a $64,000 annual charge to Oregon State University for the use of the existing electrical distribution system facilities, a P.U.C.-required clause providing that Oregon State University pay Pacific a monthly use charge of 2% of the value of any new facilities installed exclusively for the use of Oregon State University, and the provision that rates for electrical service are subject to P.U.C. tariff.

The third agreement provides for Pacific to pay $180,000 per year to Oregon State University through 1994 (renewable through 1999) so that Oregon State University will not cogenerate electricity. Further, Pacific has the option to cogenerate up to 15 megawatts of electrical energy using Oregon State University facilities, subject to the negotiation at the time of Pacific's election to cogenerate of several specific operating agreements. Payments to Oregon State University would continue as long as Pacific cogenerated electricity at Oregon State University, through June 30, 2047.

The fourth agreement spells out the conditions under which Oregon State University is granting Pacific access to its buildings and other facilities.

Oregon State University officials see several advantages to entering into these agreements with Pacific Power and Light. Foremost among these would be the increased reliability provided by the incorporation of the campus into the PP&L grid, with all its built-in redundancies, and the upgrading of the system to present-day standards. In addition to better reliability, Oregon State University would save an average of $140,000 per year in maintenance and repair costs. These savings are comprised of $15,000 of routine maintenance costs and $125,000 per year for capital repair. (Slightly higher savings would accrue during the remainder of this biennium since the $330,000 capital repair project already included in the budget will not have to be undertaken.) This will free up scarce funds to make other needed capital repairs on the campus.

In addition, Oregon State University would receive a guaranteed $180,000 per year for at least five years for not cogenerating electricity. Pacific, as the local utility, is required to purchase the output of cogenerators and would like to control when such purchases have to be made. The net savings from the
cogeneration Oregon State University had intended to pursue were estimated at more than $100,000 per year; however, the repayment of the SELP loan needed to finance the cogeneration project would have used the savings for the first six years.

Disadvantages include loss of control by Oregon State University of a major campus facility, the high charge of 2% per month levied by PP&L for use by OSU of new facilities constructed or installed for Oregon State's exclusive use, and giving up the possible savings from cogeneration. In the long run, Oregon State University will almost certainly pay more for its electrical system than it does now. However, that system should be more flexible and reliable.

The net income and savings to Oregon State University during the first several years will almost certainly exceed its increased costs during that period. The direct financial advantages during the first five years are about $320,000 per year. On a cash basis, PP&L would have to make $1.2 million of system improvements, dedicated exclusively to Oregon State University, on day one for the 2% per month charge to equal the Oregon State University income plus savings by the end of the five-year base period.

The principal benefit to Oregon State University, however, is not the immediate financial payback. Rather, it is the fact that Pacific Power and Light will improve the system and its reliability—something which Oregon State University might never be able to do through the state's capital construction budget process.

Several provisions concerning possible future cogeneration costs and revenue, indemnification, description of possible site for cogeneration plant, environmental matters concerning cogeneration, campus security, price escalators and other matters are being completed now. These are not expected to affect the agreement materially.

Staff agrees with Oregon State University officials that the benefits of these agreements, at least during the five-year basic term, probably outweigh their disadvantages. However, staff would suggest that none of the agreements be executed until all four agreements have been completed satisfactorily and approved as to form by the Department of Justice. Oregon State University administrators wish to have the Board tentatively consider the sale of the assets and the various agreements at the April meeting in order to show good faith to PP&L and to permit PP&L to begin planning for the replacement of the least reliable equipment in the present system.
Staff Recommendation to the Board

The staff recommended that the Board concur with the request of Oregon State University to sell the electrical distribution system facilities at Oregon State University to the Pacific Power and Light Company and to permit the Board's staff to enter into certain agreements with Pacific Power and Light Company with regard to the use of facilities, the cogeneration of electrical energy, and the access to Oregon State University facilities. It was recommended further that the Board condition its approval upon the completion of all pertinent agreements to the satisfaction of the Board's staff and the approval as to form of all such agreements by the Department of Justice. Finally, it was recommended that the Board place this item on its May consent calendar.

Board Discussion and Action

In response to questions from Board members, Mr. Pernsteiner said there were substantial electrical installations owned by the State System on all of the campuses. This proposal would be the first time any would be sold. Instead of bringing power to one point on the campus and having it distributed under the auspices of the institution, the power would be brought to transformers at the buildings by the power company. The electrical installation within the building would still be owned by the institution.

Mr. Pernsteiner said the potential advantages to the State System for entering into agreements of this nature depend largely upon the financial arrangements that can be made with the utilities or private vendors. Similar cooperative proposals have been studied on one or two previous occasions but did not prove to be beneficial in those instances. He said the proposed agreements would provide greater reliability in the electrical distribution system and would be financially beneficial to Oregon State University. He described the review to which the plan had been subjected during its development.

The Board approved the staff recommendation to place the item on the Consent Agenda for the May meeting. The following voted in favor: Directors Adams, Bailey, Bruggere, Johnston, Matthews, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.

Adoption of IMD 4.005 & 4.010 Staff Report to the Board

Synopsis: This policy is before the Board primarily because the 1989 Legislature enacted a law outlining the types of off-campus activities in which faculty may engage and for which the Board may authorize receipt of compensation without such action simultaneously creating a potential conflict of interest under Oregon
ethics law. The enabling legislation requires the Board to establish policies and rules authorizing the receipt of compensation for engaging in such activities. This proposed policy responds to that requirement. In addition, it delegates to each institutional executive responsibility for establishing time limits on the outside activities so that they do not impair the faculty member's institutional obligations as well as outside activity reporting, reviewing, and monitoring mechanisms.

Complete Background: Since its inception, the Board of Higher Education under its general powers as stated in ORS 351.070 has appointed and employed officers and faculty, and prescribed their compensation. In addition, for some 20 years the Board under authority of ORS 351.220 to 351.250 has administered policies pertaining to the creation and development of intellectual property (e.g., patentable inventions and copyrightable publications) and has shared portions of the net royalty income received from the commercialization of the intellectual property with the inventors or authors as provided in Board rules and Internal Management Directives (OAR 580-43-005, 580-43-007, 580-43-011; IMD 6.205 through 6.255).

Many years ago, the Board also recognized that the varied nature of faculty members' duties, which may include administrative, instructional, research, or extension activities, makes it impractical to define the exact nature of working hours, and therefore included in its rules only the requirement that faculty members "...give the institution their undivided efforts" (OAR 580-21-020). Further, Board rules state that "No full time employee...shall engage in any outside employment which substantially interferes with duties" (OAR 580-21-025). As is traditional in the academic setting, however, most institutions allow teaching and research faculty to allocate as much as one day a week to outside employment related to their on-campus responsibilities so long as such activity does not impair responsibilities to the institution. These policies encourage faculty to use their countless types of expertise in the social, physical, and life sciences; business; economics; and in the professional schools, to name only a few, to bring such expertise to bear for the advancement of both private and public functions and enterprises. The advisory services, research, and creativity Oregon State System of Higher Education faculty provide are a tremendous asset in support of the economic development of Oregon. These outside activities create meaningful jobs and make Oregon industry more competitive.

Despite the above-described Board policies, Oregon public employees, including Oregon State System of Higher Education faculty, have been subject to ORS Chapter 244 and the Oregon Government Ethics Commission rules pertaining to ethics and conflicts of interest. Some forms of faculty consulting and other
outside activities could be questioned as to their appropriateness by the Ethics Commission, including acceptance of compensation for such service and sharing in the royalty income received by institutions from commercialization of intellectual property. For example, the Ethics Commission in numerous advisory opinions routinely has said that "public officials shall not receive private compensation for performance of their public duties." See, e.g., Informal Advisory Opinion #251 and #257. In addition, the Commission advised that "private business activities should not be conducted during hours which the official is required to devote to public office."

Another concern developed in late 1989 when the National Institutes of Health and The Alcohol, Drug Abuse and Mental Health Administration (NIH/ADAMHA) sought comments from the public, and particularly research institutions of higher education, relative to a draft of proposed guidelines for policies on conflict of interest. The purpose of the draft was to require recipients of grants from the Public Health Service, Department of Health and Human Services, to establish safeguards which would prevent employees, consultants, or other members of governing bodies from using their positions for purposes that are, or give the appearance of being, motivated by a desire for private financial gain for themselves or others, such as those with whom they have family, business, or other ties. The draft policy would require each institution receiving federal financial support to have written policy guidelines on conflict of interest and the avoidance thereof. These institutional guidelines would reflect state and local laws and would cover financial interests, gifts, gratuities and favors, nepotism, and other areas, such as political participation and bribery. These rules would also indicate the conditions under which outside activities, relationships, or financial interests would be proper or improper and would provide for notification of such activities, relationships, or financial interests to a responsible and objective institutional official. The draft guidelines set forth an outline of the content for institution rules and a provision for prompt notification of violations to a responsible and objective institutional official as well as a statement of the administrative actions which might be taken against an individual for violations. It should be noted that these federal guidelines were placed in abeyance following a strong backlash from the research community.

To eliminate concerns about the application of ORS Chapter 244, to provide some written safeguards requested by those who drafted the NIH/ADAMHA guidelines on conflict of interest should they ever be needed in the future, to clarify the fact that faculty are permitted by institutions to engage in outside activities and to accept compensation related thereto, and to stimulate greater involvement of faculty with public and private entities in order
to further economic development in the state, the Board's staff
during the 1989 Legislative Session joined members of the Gover-
nor's Science Council and Oregon Resources and Technology Devel-
opment Corporation, and institutional deans and vice presidents
of research in supporting SB 1183. The Bill was subsequently
enacted by the Legislature and signed by the Governor.

Essentially, this law (the text of which appears as Appendix A at
the end of the staff recommendation to the Board) delegates to
the Board authority both to authorize and regulate the receipt of
compensation by faculty from outside public or private sources in
accordance with rules and policies established by the Board. So
long as faculty comply with Board policy governing such activi-
ties, they will not be subject to ORS Chapter 244.

The proposed Internal Management Directives recognize that the
mission of the Oregon State System of Higher Education and its
institutions can be enriched by the active participation of fac-
ulty in off-campus activities which contribute to the advancement
of their academic careers and disciplines and provide opportuni-
ties for professional growth through interaction with industry,
business, government, and other organizations.

Institutional administrators and faculty who will implement and
comply with the Board policy recognize that personal responsi-
bility, integrity, and high ethical standards are the principal
factors to consider in avoiding conflicts of interest which can
evolve from such activity. Therefore, faculty will be expected
to conduct their on- and off-campus activities in a manner which
will reflect credit on themselves, their profession, the respec-
tive institutions, and the Board.

It is also appropriate for faculty to accept invitations to serve
on advisory bodies, public commissions, and committees of profes-
sional associations related to their academic work, as well as to
travel to other institutions or professional meetings for the
purpose of presenting lectures, leading seminars or workshops,
and visiting the laboratories of colleagues. Further, as part of
the service rendered by the institutions and to aid the state in
the development of its resources and industries, faculty without
remuneration except for expenses, are encouraged to consult and
cooperate with persons in other governmental agencies on matters
of mutual interest or of public benefit and, within reason, use
institutional facilities in the conduct of this service. Such
activities are not subject to the limitations on outside activi-
ties or involvement with private or public entities as described
in the Internal Management Directives proposed below.

The Internal Management Directives proposed below were developed
in cooperation with institutional administrators to respond to
the authority given the Board by the 1989 legislation.
Staff Recommendation to the Board

It was recommended that the Board adopt the following Internal Management Directives:

4.005 Board Policy on Outside Activities and Related Compensation

1. The term faculty, as used below, means a person in the unclassified service as defined in ORS 240.207.

2. Faculty may engage in outside consulting or other work so long as it does not impair their institutional obligations.

3. Laboratory and other institutional facilities and resources, including support staff and stationery, shall not be used in outside work for which the faculty member receives remuneration unless expressly authorized by the institution.

4. Remuneration received in accordance with IMD 4.005 and 4.010 from sources outside of the Oregon State System of Higher Education shall be considered official salary, honorarium, or reimbursement of expenses for purposes of ORS 244.040 and shall not be considered a potential or actual conflict of interest for purposes of the Oregon Public Officials Ethics laws.

4.010 Institution Policy on Outside Activities and Related Compensation

Each institution shall adopt policies and procedures to implement 4.005 to 4.010. Such policies and procedures shall:

1. Include appropriate measures, such as one day per week, which define faculty time available for outside activities related to the faculty member’s institutional responsibilities. Outside activities unrelated to institutional responsibilities and undertaken by faculty on personal time, regardless of whether compensated, are not subject to these Board of Higher Education and institution policies.

2. Identify the name(s) or title(s) of institutional administrator(s) assigned responsibility for reviewing and acting on requests to engage in outside activities related to the faculty member’s institutional responsibilities as referenced in (1) above.
(4) Identify and describe the types of outside faculty activity related to facility-related responsibilities and associated services as an expert witness, and services other than those identified in 4.10(4) and (6) below.

(5) Require faculty to disclose to the named institutional administrator(s), in writing, and to receive prior approval on a case-by-case basis, to engage in outside activities identified in (1) above involving any or all of the following:

(a) Acceptance of compensation, or ownership of equity in the case of a private entity.

(b) Service in a line management position or participation in day-to-day operations of a private or public entity.

(c) Service in a key, continuing role in the scientific and technical activity of a private or public entity.

Institutional case-by-case approval will not be required if the activity is included within the scope of an institutionally defined class as established under (3) above.

(6) Require that the faculty member's written disclosure, as referenced in (4) above, fully describe the:

(a) Type of work or consulting to be provided the named entity.

(b) Nature of the relationship (e.g., employer/employee, entity/contractor, or consultant).

(c) Anticipated time commitment.

(d) Expected benefits to the entity, faculty member, and institution.

(e) Use of institutional facilities and support personnel.

(f) Financial arrangements, including equity ownership and other forms of economic value provided to the faculty member or family.

(g) Financial arrangements between an immediate member of the faculty member's family and the entity.

(h) All other conflicts in the written disclosure, as described in (4) above.

(i) Any other conflict not described in the written disclosure related to outside activity.
(6) Require the institutional administrator(s) to consider the following when reviewing written requests to engage in outside activities:

(a) Written disclosures identified in (5) above.

(b) Contributions of the relationship to the faculty member’s primary obligation to the institution and its support of the academic integrity of the institution as well as the faculty member’s interdepartmental relationships.

(c) Prospective non-financial benefits to the faculty member and institution.

(d) Average time commitment over an academic term, such commitment not to exceed the limits established by the institution unless the institutional administrator(s) determines that the activity provides extraordinary benefit to both the institution and the participant as a faculty member. In cases where the time limits are to be exceeded, the faculty member shall disclose the amount of time in excess of the limits, and the institutional administrator(s) shall document in writing the rationale for approving the request to exceed the limits.

(e) Assurances that the outside activity does not interfere with the faculty member’s instructional, research, and other related institutional responsibilities, including those to their students. Special attention must be given to the intellectual property interests of students who may create and claim ownership to such property developed in the process of completing their academic programs.

(f) Appropriateness of the use of institutional facilities and support personnel, if approved, including written documentation that the full cost thereof will be reimbursed to the institution.

(7) Establish the types, nature, and extent of the information required to be reported under (2) through (6) above, which shall be made a part of a faculty member’s confidential personnel record.

(8) Provide a process whereby a faculty member dissatisfied with a decision of an authorized administrator may appeal that administrator’s decision to another institutional authority. That authority shall be vested with power to make a final determination relative to authorization to engage in the outside activity.
(9) Provide for the institutional president to report to the Chancellor’s Office by August 31 of each year any change in institutional policy on outside activities and evidence of procedures followed in monitoring faculty and family acceptance of compensation and equity for outside activities of the faculty member.

(10) Specify appropriate sanctions against faculty who fail to comply with Board and institutional policies and procedures concerning outside activities and acceptance of related compensation and equity.

(11) Be submitted to the Chancellor’s Office for review and approval prior to adoption.

Appendix A
ORS 351.067

Compensation for Officers and Employees from Other Sources May Be Authorized.

(1) In carrying out its authority under ORS 351.070, the State Board of Higher Education may authorize receipt of compensation for any officer or employee of the State System of Higher Education from private or public resources, including, but not limited to, income from:

(a) Consulting;

(b) Appearances and speeches;

(c) Intellectual property conceived, reduced to practice or originated and therefore owned within the state system;

(d) Providing services or other valuable consideration for a private corporation, individual, or entity, whether paid in cash or in kind, stock, or other equity interest, or anything of value regardless of whether there is a licensing agreement between the state system and the private entity; and

(e) Performing public duties paid by private organizations, including institution corporate affiliates, which augment an officer’s or employee’s publicly funded salary. Such income shall be authorized and received in accordance with policies and rules established by the board.
(2) The board shall not authorize compensation, as defined in subsection (1) of this section, that, in the board's judgment, substantially interferes with an officer's or employee's duties to the state system.

(3) Any compensation, described and authorized under subsection (1) of this section, shall be considered official salary, honorarium or reimbursement of expenses for purposes of ORS 244.040. No authorization or receipt of such compensation shall be considered a potential conflict of interest which would need to be declared under ORS 244.120 and 244.130.

Board Discussion and Action

Mr. Hensley inquired whether there would be documentation of the monitoring of the time off with respect to outside activities and related compensation. He said he was concerned that, if there were a complaint related to this policy, there would be documentation to support the allocation of time toward consulting.

Dr. Perry said the faculty member must report to the institution what he or she would like to do and must receive approval. The report must include an estimate of the time involved.

Mr. Swanson inquired whether the requirements had been discussed with faculty and if they were in agreement. Dr. Perry responded he was assisted by three research academic vice presidents and had been told they had consulted with faculty before approving the policy proposals.

The Board approved the staff recommendation as presented and adopted the Internal Management Directives. On roll call vote, the following voted in favor: Directors Adams, Bailey, Bruggere, Johnston, Matthews, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.

Establishing and Seeking Authorization To Expend an Other Funds Limitation for Cold Storage Addition, Mid-Columbia Agricultural Research & Extension Center, OSU

Staff Report to the Board

The Oregon State University Agricultural Experiment Station has requested approval from the Board to establish an Other Funds Limitation of $320,000 to construct and equip a cold storage addition to the Mid-Columbia Agricultural Research and Extension Center in Hood River. The addition would be constructed at the Center’s present site.

The Hood River County Regional Strategy Plan, a part of the statewide regional strategies program funded with state lottery monies allocated by the Oregon Department of Economic Development, is focused on improving the fruit industry in that county.
One part of that plan calls for the addition of 11 cold storage rooms and a larger fruit processing and boxing area at the Mid-Columbia Agricultural Research and Extension Center. This 4,500-square-foot addition would house an enhanced research program into storage and packaging methods for apples, pears, and other fruits. This is already the focus of research efforts at the Mid-Columbia station and is not expected to lead to additional support or program costs beyond those associated with operating the expanded facility.

Bids for the proposed facility would be opened on May 17 if the Board were to approve this project. Completion is scheduled for late 1990. About $251,000 of the $320,000 project cost will be borne by the regional strategies program. The remainder is being donated by the Growers and Shippers Association. Although that association has been instrumental in specifying the equipment to be purchased, all equipment in the facility will be Board property.

Staff Recommendation to the Board

The staff recommended that the Board concur in the request of Oregon State University to construct a cold storage addition at the Mid-Columbia Agricultural Research and Extension Center and authorize the staff to seek the establishment of an Other Funds Limitation of $320,000 and authorization from the Emergency Board to expend that amount in order to accomplish this project.

Board Discussion and Action

Mr. Bailey indicated he would abstain from voting because of a possible conflict of interest.

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

Increasing Appropriation for Capital Repair

Staff Report to the Board

The 1989 Legislative Assembly appropriated $5 million to the State Emergency Fund for use in addressing critical capital repair needs throughout the state. Last July, the Board authorized the staff to request the allocation of a portion of these funds for projects at Oregon State University and Eastern Oregon State College. The State Executive Department subsequently requested all state agencies to prepare prioritized lists of critically needed projects. This effort led to an Executive Department request to the State Emergency Board in January 1990. That request included three projects for higher education. Those projects included making repairs to the exterior of the Child Development and Rehabilitation Center at the Oregon Health Sciences
University ($400,000), replacing roofs at Oregon State University ($440,000), and repairing the exterior of Science Building I at Portland State University ($185,000). The Emergency Board deferred action on most of the Executive Department’s request.

The Executive Department’s Budget and Management Division has requested that the Department of Higher Education resubmit the same three projects for consideration by the Emergency Board at its May meeting. The projects are critically needed. The Child Development and Rehabilitation Building has leaked since shortly after it opened about 20 years ago. The damage to interior finishes is considerable. In addition, it has been necessary to vacate temporarily whole areas of the building to make temporary repairs. A consultant’s report indicates that permanent structural damage may be done if repairs are not effected soon. In 1989, after many approaches had been tried unsuccessfully, an effective method of preventing leakage was used on a part of the building. The $400,000 would permit the weatherproofing of the entire north side.

Three buildings at Oregon State University are included in the $440,000 package sent to the Emergency Board in January. These include Graf and Langton Halls and Gill Coliseum. All three roofs leak, and interior damage has occurred in all three.

The concrete exterior of Portland State University’s Science Building I has cracked and chipped, allowing water to intrude into the building’s interior. Not only has interior damage occurred, but the structural steel frame of the building has begun to rust. This, in its turn, has caused even more concrete to chip away from the surface. The rate of decay, therefore, is accelerating. The $185,000 needed for this project would permit the damage to be repaired and the building to be weatherproofed. (The leaky roof was replaced in 1985.)

Staff Recommendation to the Board

The staff recommended that the Board authorize the staff to request approval from the Emergency Board to increase the appropriation included in Section 1(1), Chapter 18, Oregon Laws 1989, by $1,025,000 to be used for capital repair projects at the Oregon Health Sciences University, Oregon State University, and Portland State University.

Board Discussion and Action

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

In 1985, the Legislative Assembly approved the use of $33.6 million of state lottery funds for the construction of five buildings: Deschutes and Streisinger Halls at the University of Oregon (formerly called Science IV-A and Science IV-B), the Professional Schools Building at Portland State University, Snell Hall at Oregon Institute of Technology, and the Electrical and Computer Engineering Building at Oregon State University. All five were slated to receive lottery funds because of their close association with economic development. (Proceeds from the general lottery are intended to foster economic development either statewide or in one or more regions of the state.)

The lottery funds were transferred to the Department of Higher Education on a quarterly basis and were deposited in an interest-bearing account. Interest earnings on this were not included in the original limitations for the projects.

In January 1988, at the request of the Board, the Emergency Board authorized the use of $660,000 of the interest earnings to increase the budgets for the approved projects in order to address cost increases.

By the end of May 1990, at least $2,225,000 will be available from unallocated lottery interest earnings. This amount is in addition to the $660,000 already approved for use from such earnings.

The only project of those originally receiving lottery funds which has not yet been completed is the construction of the two science buildings at the University of Oregon. These structures are nearing final completion and already are in use. However, the construction of the University of Oregon science complex is experiencing severe budget problems, due in large part to pending litigation. An Assistant Attorney General discussed this litigation with the Board during an executive session last October. It was then too early to predict the likely financial consequences of the pending lawsuits.

The suit on a federally-funded building was settled late last fall and the federally-funded portions of the science complex (Willamette and Cascade Halls) will be completed within their $33 million budget.

Two lawsuits are pending on the state-funded portions of the complex, one on each building. Other work on these buildings proved to be more expensive than had been anticipated. Although cost reduction efforts were undertaken, the specter of litigation limited the scope of such efforts and the lack of cooperation from contractors suing the state limited their effectiveness.
The science project's limitation expires on June 30, 1990. Therefore, pressure is mounting to close out these projects. However, due largely to the lawsuits, an increase in the limitation amount is necessary. Staff has discussed with Department of Justice attorneys an appropriate amount to reserve for litigation and possible settlement expenses. Those amounts, plus a sum for some of the other cost growth experienced on the project, total $685,000.

Because it may not be in the best interests of the state to settle the lawsuits under time pressure, it appears necessary to request establishment of a new limitation of $685,000. So that the Emergency Board can act prior to the project's technical June 30 expiration, this matter must be presented to that body at its May 17-18 meetings. The logical source of funds is the interest earnings on the lottery monies.

Because staff is seeking approval to request the use of a substantial portion of the lottery interest earnings, it seemed appropriate and timely to consider other pressing needs which might qualify for use of that funding source. Preliminary discussions with officials in the Executive Department indicate their criteria for judging whether or not to recommend that other projects be allowed to use these funds will be: (1) A relationship to economic development, and (2) the resolution of a pressing current need. The construction of new facilities not previously authorized might not receive a positive recommendation under this approach.

Therefore, the staff has concentrated on projects for which the Board already has requested funding but for which the Executive Department has not yet recommended approval (e.g., for computer equipment for Southern Oregon State College) and capital repair projects in those academic buildings most closely tied to economic development (e.g., science, engineering, agriculture, and business administration). The tentative list of such projects includes one which the Board already has requested but which has not yet been approved by the Emergency Board (the Badgley Hall ventilation system at Eastern Oregon State College, with a cost of $155,000); one which has been partially funded for this biennium, but for which full funding has not been available (reroofing Cornelius Hall at the Oregon Institute of Technology, whose total cost is $550,000 but for which only $150,000 is included in the present budget); and a project at Oregon State University. This last project involves a variety of repairs to science facilities at Oregon State University. These repairs, which total $185,000, include work on fume hoods in various laboratories, replacing the roof on the Ocean Administration Building (which houses oceanography classrooms), and solving the foundation problems at Nash Hall (one of Oregon State University's agricultural science buildings).
Staff Recommendation to the Board

The staff recommended that the Board authorize the staff to request the Emergency Board to establish an Other Funds Limitation of $685,000 to complete the Science Complex at the University of Oregon and to expend for that purpose $685,000 of interest earnings on lottery proceeds. The staff recommended, further, that the Board authorize the staff to work with the Executive Department to prepare a request that the Emergency Board establish appropriate limitations totalling $1,540,000 and authorize their expenditure from lottery interest earnings proceeds for equipment acquisition and capital repair projects which foster economic development. The staff will report to the Board, at its May 1990 meeting, the identity and amounts of the specific projects requested.

Board Discussion and Action

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

Staff Report to the Committee

In 1988, as the Oregon Health Sciences University began public discussions with the neighborhood association and other interested parties about acquiring parcels of land within the arc formed by the east edge of S. W. Veterans Hospital Road, there appeared to be evidence of plans to increase the cost of those parcels. The University, therefore, requested the OHSU Foundation to acquire the properties and hold them until the University completed the action to bring the properties within the boundaries of the campus and could identify a source of funds to repurchase the parcels from the Foundation.

An agreement was drafted, but not ultimately executed, which described a protocol for determining the repurchase price at a future time. Although the agreement was not formally executed, both parties have proceeded as if it were in force.

The Oregon Health Sciences University now requires the land to carry out the construction of Parking Structure V and has resources within the 1989 legislative authorization to build the structure and acquire the land.

Staff Recommendation to the Committee

The staff concurred with the request of the Oregon Health Sciences University to acquire five parcels of land from the OHSU Foundation and recommended that the Board authorize the staff to purchase those parcels for $1,025,687, as of April 30, 1990.
The request should be discussed by the Board at the March meeting and placed on the Consent Agenda for final action at the April meeting.

Discussion and Recommendation by the Committee

The Committee recommended that the Board approve the staff recommendation as presented and place it on the Consent Agenda for the April meeting.

Board Discussion and Action (March 16, 1990)

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

Board Discussion and Action (April 20, 1990)

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

Authorization To ExpendDate Other Funds for Smith Memorial Center Rehabilitation, PSU

In December 1989, the Board authorized the staff to seek an increase in the Other Funds Limitation for the 1987 Smith Memorial Center Rehabilitation Project at Portland State University. The additional $315,000 of authority was granted by the Emergency Board in January, thereby permitting Portland State University to move forward with Phase II of its plans to renovate Smith Memorial Center.

During the December meeting, the staff informed the Board that Phase III of the project had received a separate limitation from the 1989 Legislative Assembly and would be treated as a separate project. The Other Funds limitation for the 1989 project is $1 million, and it was ranked fourth by the Board among 1989-1991 auxiliary projects.

Staff Recommendation to the Committee

The staff concurred with the request of Portland State University and recommended that the Board authorize the staff to request that the Emergency Board release for expenditure $1 million of Other Funds for the Smith Memorial Center Rehabilitation project at Portland State University.

The request should be discussed by the Board at the March meeting and placed on the Consent Agenda for final action at the April meeting.
Discussion and Recommendation by the Committee

In response to a question, Mr. Pernsteiner explained the building fee was an amount of money assessed every term to every student to support a variety of mostly student-related building projects. The fee is $18 per quarter throughout the State System.

With respect to a question concerning the importance of ranking, Mr. Pernsteiner said the rank had meaning when seeking additional monies. The rankings were established when the projects were sent to the Legislature for approval. The Legislature approves all of the projects and the fees and other funds necessary to support them at that time. The rankings become important in terms of competition when seeking an increase in funding. He also said only the Emergency Board had authority to move money from project to project once the Legislature had acted. Specific dollars are tied to specific projects in the statute for capital construction. There is flexibility to move monies around in the operating budget.

The Committee recommended that the Board approve the staff recommendation as presented and place it on the Consent Agenda for the April meeting.

Board Discussion and Action (March 16, 1990)

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

Board Discussion and Action (April 20, 1990)

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

Authorization To Expending Other Funds for Institution Storage and Landscaping, EOSC

Staff Report to the Committee

In 1989, the Legislative Assembly approved the Board’s request for $300,000 to construct an equipment storage facility and make landscaping improvements at Eastern Oregon State College. This project, ranked ninth by the Board among 1989-1991 auxiliary projects, is financed by Article XI-F(1) bonds whose debt service is paid by the building fee. A portion of the bonds needed for this project ($120,000) is included in the bond resolution before the Board at this meeting.
Staff Recommendation to the Committee

The staff concurred with the request of Eastern Oregon State College and recommended that the Board authorize the staff to request the Emergency Board to release for expenditure $300,000 of Other Funds to construct an equipment storage facility and make landscaping improvements at Eastern Oregon State College.

The request should be discussed by the Board at the March meeting and placed on the Consent Agenda for final action at the April meeting.

Discussion and Recommendation by the Committee

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

Board Discussion and Action (March 16, 1990)

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

Board Discussion and Action

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

Increase in Other Funds Limitation & Authorization To Expend Other Funds for the Reconstruction of Hamilton Hall Kitchen, UO

Staff Report to the Committee

The Legislative Assembly approved last summer a $1,440,000 Other Funds limitation to permit the reconstruction of the kitchen and dining room facilities at the University of Oregon's Hamilton Hall. This project was ranked tenth among auxiliary projects approved by the Board for this biennium. However, it is the only 1989-1991 project to use dormitory funds.

During the design phase of this project, investigators discovered that a considerable amount of asbestos has to be removed from all areas. University of Oregon officials have requested an increase of $100,000 in the Other Funds limitation for this project in order to remove the asbestos. Also, because the kitchen improvements must be complete before the beginning of Fall term 1990, the University wishes the entire Other Funds limitation to be released for expenditure. The University will pay the $100,000 from its housing reserves.
Staff Recommendation to the Committee

The staff concurred with the request of the University of Oregon and recommended that the Board authorize the staff to seek from the Emergency Board an increase of $100,000 in the Other Funds limitation for the Hamilton Hall Kitchen Alteration project and the authorization to expend $1,540,000 of Other Funds to accomplish that project.

The request should be discussed by the Board at the March meeting and placed on the Consent Agenda for final action at the April meeting.

Discussion and Recommendation by the Committee

Miss Matthews inquired whether the Board had any restrictions on how the money is spent from the dormitory pool. Mr. Pernsteiner replied that the monies from the dormitory pool are for the bond purposes allocated to the construction projects approved by the Board. The individual institutions also have reserves for the operation and maintenance of their dormitories and other housing units. These do not go into the debt service pool. The funds for this project are from the institutional reserves.

Mr. Miller asked whether the State System, along with other state agencies, was likely to be facing a major problem with respect to asbestos in state facilities.

Mr. Pernsteiner indicated there was a real possibility there could be situations requiring costly correction. The 1989 Legislature set aside about $10 million statewide and directed the Risk Management Office of the state to do an assessment of all state facilities and begin allocating money to do asbestos abatement. Surveying of the facilities is about to begin. The state has selected a consultant to do the survey and the State System’s colleges and universities will be working with that consultant. No report is expected until late this year or early 1991, but the state is reviewing the asbestos abatement on a statewide basis.

In response to a further question, Mr. Pernsteiner said instructions to the institutions for renovation and repair projects have directed them to include the cost for asbestos abatement if they anticipate or know that it will be involved in a project.

The Committee recommended that the Board approve the staff recommendation and place it on the Consent Agenda for the April Board meeting.
Board Discussion and Action (March 16, 1990)

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

Board Discussion and Action (April 20, 1990)

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

SUMMARY OF FACILITIES DIVISION ACTIVITIES, OFFICE OF ADMINISTRATION

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

Agricultural Sciences II, OSU

An Agreement was negotiated with Lloyd & Sons Metal Works, Inc., Cost Control Contractors, Turner, Oregon, for professional services not to exceed $7,200. Financing will be provided from federal and state funds.

Agricultural Sciences II, OSU

An Agreement was negotiated with MFTA, Inc., Cost Control Contractors, Portland, for professional services not to exceed $2,400. Financing will be provided from federal and state funds.

Agricultural Sciences II, OSU

An Agreement was negotiated with Pence/Kelly Construction, Inc., Cost Control Contractors, Salem, for professional services not to exceed $22,500. Financing will be provided from federal and state funds.

Agricultural Sciences II, OSU

An Agreement was negotiated with Oregon Cascade Plumbing and Heating, Inc., Cost Control Contractors, Salem, for professional services not to exceed $9,200. Financing will be provided from federal and state funds.

Agricultural Sciences II, OSU

An Agreement was negotiated with Riches Electric Company, Cost Control Contractors, Salem, for professional services not to exceed $4,800. Financing will be provided from federal and state funds.

Consulting Engineering Services, OSU

An Agreement was negotiated with Pittsburgh Testing Laboratory Division of Professional Service Industries, Inc., Eugene, for consulting services not to exceed $50,000. Financing will be provided from state funds.
<table>
<thead>
<tr>
<th>Project</th>
<th>Details</th>
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<tbody>
<tr>
<td>Parker Stadium Improvements Phase II, OSU</td>
<td>An Agreement was negotiated with Settecase Smith Doss, Architects, Salem, for architectural services not to exceed $111,960. Financing will be provided from funds available to the institution through gifts/grants, cash-on-hand, and a loan from the OSU Foundation.</td>
</tr>
<tr>
<td>EMU Outdoor Program Storage Facility, UO</td>
<td>An Agreement was negotiated with WEGroup Architects &amp; Planners, Architects, Eugene, for architectural services not to exceed $29,600. Financing will be provided from state funds.</td>
</tr>
<tr>
<td>Engineering Consulting Services, OHSU</td>
<td>An Agreement was negotiated with Columbia Consulting Engineers, Inc., Engineers, Portland, for engineering services not to exceed $70,000. Financing will be provided from state funds.</td>
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### Award of Construction Contracts

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<tr>
<th>Project</th>
<th>Details</th>
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<tbody>
<tr>
<td>McNeal Hall Addition, SOSC</td>
<td>On February 19, 1990, Pynch-Turner, Inc., was awarded a contract for this project in the amount of $970,369. Financing will be provided from building fee funds.</td>
</tr>
<tr>
<td>Gilbert Hall Basement Heating &amp; Condensate System Modifications, OSU</td>
<td>On February 28, 1990, Lebanon Servco, Inc., was awarded a contract for this project in the amount of $67,750. Financing will be provided from state funds.</td>
</tr>
<tr>
<td>Science Facilities Additions &amp; Alterations (Pacific Hall), UO</td>
<td>On February 26, 1990, John Hyland Construction, Inc., was awarded a contract for this project in the amount of $250,421. Financing will be provided from federal funds.</td>
</tr>
<tr>
<td>Biomedical Information Communication Center Phase II, OHSU</td>
<td>On March 6, 1990, Donald M. Drake Co., was awarded a contract for this project in the amount of $10,245,600. Financing will be provided from federal funds.</td>
</tr>
<tr>
<td>Mackenzie Hall</td>
<td>On March 19, 1990, John May Construction Co., was awarded a Plastic Surgery contract for this project in the amount of $25,527. Financing will be provided from state funds.</td>
</tr>
<tr>
<td>Smith Memorial Center Remodel, PSU</td>
<td>On March 3, 1990, Bishop Contractors, Inc., was awarded a contract for this project in the amount of $1,012,000. Financing will be provided from Article XI-F(1) bonds.</td>
</tr>
<tr>
<td>Winter 1989-90</td>
<td></td>
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The Board accepted the report as presented.

Board Discussion and Action

The following projects were provided from state funds: (Lottery) 1.

- The project is complete and was accepted on May 30, 1990. The
  estimated total project cost remains at $5,167,222.

2.

- The project is complete and was accepted on March 2, 1990. The
  estimated total project cost remains at $2,250,066.

3.

- The project is complete and was accepted on April 9, 1990. The
  estimated total project cost remains at $16,956.

The project is complete and was accepted on March 9, 1990. The
estimates are as follows:

- Project A: Cost $1,156,886
- Project B: Cost $2,470,066
- Project C: Cost $8,630

The project is complete and was accepted on February 1, 1990. The
estimated total project cost remains at $13,596.

The project is complete and was accepted on October 8, 1990. The
estimated total project cost remains at $107,774.

The project is complete and was accepted on October 15, 1988. The
estimated total project cost remains at $75,438.

The project is complete and was accepted on September 26, 1990. The
estimated total project cost remains at $47,231.

April 22, 1990

Meeting #587
Staff Report to the Board

In planning for 1990-91 budget allocations, the staff will base its recommendations to the Board in part on the increases in the instruction fee established during legislative consideration of the 1989-1991 biennial budget.

Included in the proposal will be the previously announced increase of 8.25% for resident students and 12% for non-residents, identical to increases approved for the current academic year. Also, in keeping with Governor Goldschmidt's proposal to the 1989 Legislature, the staff will recommend an additional increase of 1.7% at Oregon State University, Portland State University, and the University of Oregon. This would be the first of three such increases that will total 5% by 1992-93. These proposals are below the ceiling recommended in a budget note the Education Subcommittee of Ways and Means.

The revenue raised by the additional 1.7% will be proposed to be allocated to the three universities based on the ratio of their Education and General budgets for targeted programs and activities to be approved later by the Chancellor and the Board.

The full recommendation on tuition, fees, and room and board charges will be made at the July meeting. Public hearings will precede the Board's review. This information is being shared at this time so that it may be taken into account in preparing financial aid awards to students for 1990-91.

Board Discussion and Action

Mr. Hensley called the attention of Board members to a communication received from the Oregon Student Lobby stating its concerns and opinions related to the tuition.

The Board accepted the report as presented.

Mr. Bruggere said two finalists were to be interviewed for the presidency of Portland State University. One candidate would be interviewed later in the day, and the other would be interviewed during the weekend. He introduced the members of the search committee who were present and thanked them for their participation.

Mr. Hensley expressed the Board's thanks and appreciation to the search committee and to Mr. Bruggere and his colleagues from the Board for their service in this endeavor.

Board members Swanson and Miller mentioned meetings, activities, and interviews which they had attended since the previous Board meeting.
Mr. Adams reminded Board members that the May meeting would be preceded by a visitation on the campus of Oregon Institute of Technology and reviewed the schedule briefly.

Mr. Hensley thanked President Edgington and his staff for the interesting presentations and the hospitality extended during the visitation to Portland State University the previous day. He also commended him for his leadership of the institution during the interim following President Sicuro's departure.

Mr. Hensley expressed the Board's appreciation to Dr. Blake for his service to Oregon Institute of Technology and fine leadership and counsel provided to the Board, mentioning especially his efforts which moved the institution into the Portland metropolitan area.

Mr. Hensley announced that the Board members had received their assignments as commencement representatives of the Board. Any questions related to those assignments should be directed to the President or Secretary of the Board.

Mr. Hensley said the Board would recess and reconvene as a Committee of the Whole to hear a presentation concerning the OSSHE Public Service Mission.

Dr. Large said that following the agreement at the Board's August Renewal Session, the Board had heard "issues" presentations on three major subjects: Student Services; Tenure, Promotion, and Faculty Recruitment; State, Higher Education, and Institutional Budgeting Procedures. He said the OSSHE Public Service Mission would be the focus of the issues discussion for the present meeting, public service being one of the three components of the basic mission of all of the institutions in the State System.

Dr. Large stated those involved in the presentation had learned a great deal about the public service mission, not only about the scope of the activities but also about the difficulties of defining what should or should not be included. Some of these ambiguities, as well as information on the very exciting programs that are under way, will be shared during the presentation.

Dr. Large commented that the issues discussions were designed not to be institutionally focused but to present the services and the problems the State System faces as a whole. No agenda for action is presented. The issues discussions are for information and for mutual exchange of comments and questions between Board members and those presenting the information.
He thanked Mr. Miller for his efforts in the community toward interpreting the public service mission of the State System and for encouraging the inclusion of the topic as an early issues discussion subject. Dr. Large also thanked Vice President Lynn Spruill from Oregon State University for taking a leadership role in the presentation. He then invited Dr. Spruill to open the discussion.

Dr. Spruill said defining public service was a major challenge because it embraced so many activities and was so diverse. Public service can usually be recognized, even though it may be difficult to define explicitly. Every institution has a public service component, and those activities relate to the teaching and research missions of the institutions. They represent perhaps the single largest window through which the public sees the institutions. He said, in his opinion, public service was the area through which the State System could actually portray to Oregonians throughout the state the real benefit they were receiving from the investment of their tax dollars.

Dr. Spruill said that in reviewing the history of public service in the Oregon State System of Higher Education, one must be impressed with its diversity. Each institution has a different history of public service. As a consequence, there is a rather broad and deep public service system, with each institution focusing on its own particular strengths and still providing enormous benefits to the state and its regions.

Dr. Spruill then commented on public service activities at each of the institutions as summarized below:

Oregon State University—The land grant mission of the institution has resulted in the development of the cooperative extension service with a major impact throughout the state. Extension works directly with people and provides current information based on the latest research in many subjects. The Agricultural Experiment Stations, the Veterinary Diagnostic Laboratory, and the Forest Research Laboratory are other key elements of the public service mission at Oregon State.

University of Oregon—From the earliest days of the University of Oregon, dedicated individual professors have contributed research on issues of state concern and extended the knowledge base of the state by teaching valuable courses outside of Eugene. He cited critical help provided to the citizens of Oregon through early geological surveys, research on tax issues, and economic projections for the Legislature. The Bureau of Governmental Research and Service is a key player in the public service arena of the state. The University of Oregon offered the first organized instructional courses in Portland. This form of public service continues by almost all institutions throughout the state.
Portland State University—The development of public service programs at Portland State University has paralleled the development of the University as a part of its community and the center of Oregon’s urban activity. Its programs sprang from the natural concentration of people, commerce, and industry which characterize metropolitan regions. The programs have changed with changes in the nature of the urban area and will continue to do so. Its public service programs include Oregon’s Population, Research, and Census Center; the Institute on Aging; the Center for Urban Research and Education; the Regional Research Institute for Human Services; the Northwest Institute for Science Education, and the Speech and Hearing Clinic, with its mobile audiology van.

Oregon Health Sciences University—Its public service roots are traced to the early days of instruction in health-related areas. The mode of clinical instruction involved patients treated in the clinics and wards of the health centers, many of whom were and are unable to pay. The tradition of a single level of care, regardless of ability to pay, has been public service at its best. With advances in knowledge and sophistication of care, health sciences institutions have taken on the additional tasks of functioning as points of referral and continuing education.

Regional Colleges (EDSC, SGSC, WOSC)—Their service mission began as normal colleges, pledging service to the citizens of Oregon by providing quality education for teaching. The regional service institute concept at the regional colleges has led to very active involvement in economic development, with each developing in its own way. They have played a major role in the infusion of countless dollars into the communities and in improving the total environment of the region. Public service is based on service to a variety of local clients.

Dr. Spruill said specific programs of particular benefit to the state at Western Oregon State College were the development of a public service park and its relationship with the Oregon Police Academy and the fire services program. He said Eastern Oregon State College’s development efforts with rural and often isolated eastern Oregonians was critical to the development of that region. Southern Oregon State College, has had a major regional public service role in the area of fine and performing arts.

Oregon Institute of Technology—The institution, located in rural southeast Oregon where few post-secondary educational opportunities and cultural opportunities exist, has provided its community with many cultural, social, and recreational activities. Its public service activities have been directed toward reaching selected populations with technological programs. Educational outreach has been an important element of public service for the institution.
Dr. Spruill then introduced Ms. Karen Burch from Western Oregon State College to display slides depicting many of the public service programs operating at the institutions.

Dr. Earl Mackey, Vice President for Development and External Affairs at Portland State University, emphasized the importance of public service activities in urban areas and commented on the proportion of the state’s citizens living in those areas. He described the breadth of activities, ranging from those affecting only a few individuals to those which may be international in scope. He cited public service activities at Portland State University encompassed under several general categories: Problems of children and families, service to the growing elderly population, disadvantaged youth, teacher education, handicapped students, training future scientists, programs for advanced high school students, continuing education and professional development, business and international trade, population growth and urban development, the environment, cultural contributions, public health and fitness, access to information, and services provided to the public by students.

Dr. Mackey gave brief examples of specific projects in each of the categories listed above. They represented a wide range of services to individuals and groups.

Mr. Peter Courtney, Assistant to the President at Western Oregon State College, said the institution provided all kinds of training for those who try to make sure Oregon’s towns, cities, and neighborhoods were healthy and safe. He stated the Public Service Park would house the Oregon Military Academy, an Executive Conference-Training center, a Business/Computer Science/Mathematics Classroom Building, and the existing Oregon Police Academy. He said the Public Service Park would benefit the tenants, the College, and the public by replacing the traditional training of public health and safety people in an isolated setting with an educational setting. It saves tax dollars through joint use of facilities, thus eliminating the need for duplicate facilities.

In response to a question from Mr. Richardson concerning the percentage of public service activities carried out in Oregon, Dr. Spruill said the vast majority were done within the boundaries of the state. Clients of these programs may come to Oregon from many places. Dr. Large indicated that things learned in some of the programs in other locations were often transportable back to Oregonians through research and teaching enterprises.

Ms. Pat Middelburg, Program Development Specialist at Eastern Oregon State College, said the regional colleges provide community and economic development assistance to resource-dependent
communities as a public service. The primary service region for Eastern Oregon State College encompasses the ten eastern-most Oregon counties. The region is increasingly vulnerable to rapid economic and social changes which are largely imposed by forces external to the area, many resulting from changes in timber and agriculturally-based economies critical to rural Oregon communities. She then described several specific projects assisting individuals and firms with economic diversification efforts. She concluded by saying that Eastern's public service efforts contribute to rural diversification and economic expansion by helping communities and small businesses prepare for and cope with the challenges of the 1990s.

Mr. Ronald Kramer, Director of Broadcast Activities at Southern Oregon State College, said Station KSOR was but one of the institution's public service programs. Through its daily radio service, KSOR presents to a large and geographically far-flung audience the fruits of other college public service programs. He played a taped sampling of the varied radio broadcasts offered by KSOR and described the historical development of the station. KSOR now has secured substantial financial support from federal sources and from its listening audience. Coverage has been increased dramatically through installation of translators located in remote areas. Board members were provided with copies of the station's program guide.

Dr. Christine Somervill, Executive Assistant to the President at Oregon Technical Institute, described efforts at that institution to encourage the entry and continued participation of women in technological fields. The Women in Technology program was funded by a one-year grant of $35,000. It involved working with female high school students in activities designed to increase their awareness of opportunities which might be of interest to them and to broaden their academic preparation in mathematics and science courses.

Mr. James McAtee, Associate Dean for Academic Affairs at Oregon Institute of Technology, described Tech Challenge, a project developed by President Blake to encourage Oregon youth to become involved in engineering technology. The project involved participation of high school students in a contest in this field, with students from a number of small schools entering the competition.

Dr. Tom Fox, Vice President of Development and Public Affairs at Oregon Health Sciences University, presented slides illustrating some of the public service work at that institution. Much of the activity related to providing care for those unable to pay. Many involve children or those with special problems. As the state's only academic health science center, it is important for it to serve the need where it occurs.
Three major activities are the Area Health Education Center, the Child Development and Rehabilitation Center, and the Center for Research in Occupational and Environmental Toxicology. Under the Area Health Education Center program, training sites would be established in rural communities which will serve as bases from which to send residents and students into surrounding areas. The Child Development and Rehabilitation Center has permanent clinics throughout the state to provide services to handicapped children and assistance to their families. The Center for Research in Occupational and Environmental Toxicology is a recent addition. It is a research center looking into the effects on human beings of exposure to workplace toxins, but it is also filling a critical outreach function in providing information.

Dr. Tom Fox said the Biomedical Information Communication Center was making it possible for health care providers to have computer access to the latest medical research or medical data. Oregon Health Sciences University has one of the two level-one trauma centers in Oregon. The trauma program features quick transportation to Oregon Health Sciences University where a superb medical team immediately provides the most advanced emergency care. It served some 3,000 Oregonians last year from throughout the state.

Dr. Barbara Edwards, Associate Vice President for Public Affairs and Development at the University of Oregon, described three areas of public service at research universities: (1) The contribution of individual professors to public service outside of their regular duties, (2) educational and cultural programs that are outside the usual curriculum of the institutions, and (3) programs specifically designated as public service. She cited examples from State System institutions in each category. Professors participate in a number of commissions, task forces, and special programs. Educational and cultural programs include the Bach Festival, Advanced Science and Technology Institute, the public program at the Mark Hatfield Marine Sciences Center, and lectures and seminars. The specific public service programs of the Crippled Children's Division, the Dental Clinics and the Office of Rural Health were mentioned earlier. In addition, the University of Oregon has the Labor Education and Research Center, the Solar Energy Center, and the Bureau of Governmental Research and Service assist the citizens of the state in appropriate areas of research and information. The Extension Service, Veterinary Diagnostic Laboratory, the Agricultural Experiment Station, and the Forest Research Laboratory provide similar services in their respective fields at Oregon State University.

Later in the meeting, Dr. Fox discussed the funding of public service programs. A copy of the material presented is on file in the Board's Office. There was a brief discussion of the amount of funds used outside of the state for these activities. It was
indicated much of the public service provided outside of Oregon was funded from outside resources. There is also a prestige factor when faculty participate in programs outside of Oregon which may result in dollars coming into Oregon.

Mr. Adams said it would be useful to have a condensed version of this information available to Board members for use in public contacts with legislators or the public in general.

Dr. Large indicated arrangements had been made to summarize the information into some comprehensive documents. The annual report for the coming year will have a focus on the public services. He said the members of the Governor's Commission on Higher Education in the Portland Metropolitan Area also were interested in the information. The importance of making the connection between the public service activities and higher education more explicit to the public was stressed.

In response to a question from Mr. Bailey concerning the inclusion of public service activities as a factor in the evaluation of faculty, it was stated that every faculty member is expected to contribute in some way to public or institutional service. The idea that public service detracted from teaching and research obligations seems to be changing.

Dr. Large said the public service mission was very difficult to define between the other two major missions of higher education for teaching and research. The State System of Higher Education offers six statewide public services, a dozen campus-based public services, plus dozens of other public services operating on the various campuses. Many of these earn their financial support from non-tax sources. He cited several of the examples given during the presentation.

Dr. Large said faculty participation on many of the public services are beneficial in two ways. First, the programs utilize the expertise of faculty members who can best serve the Oregon public. Faculty members, in return, receive extended exposure and gain interesting experiences through their public service activities which often can be taken back into the classroom for the benefit of Oregon's students.

On a recent trip to eastern Oregon, the Chancellor found there was an increasing demand on the services the State System now provides. At some time in the future, the Board may need to address that kind of issue and the related questions of how to set the priorities for determining which activities ought to be financed.
In addition to the formal public service mission, there are many informal contacts with faculty and staff which are of assistance to the public. He concluded by thanking the panelists for their efforts in bringing this initial overview of the public service mission to the Board.

BOARD LUNCHEON The Board met for luncheon during the Issues Discussion. No business was transacted at that time.

RECESS AND RECONVENING DATE Mr. Hensley then recessed the Board meeting and announced that the Board would be meeting in Executive Session at approximately 1:40 p.m. on April 20, 1990, and at 1:00 p.m. on April 22, 1990, in Room 333, Smith Center, Portland State University. He said the Executive Sessions, from which the public was excluded, would be held pursuant to ORS 192.660(1)(a) for the purpose of interviewing and considering candidates for the presidency of Portland State University.

Dr. Judith A. Ramaley, Appointment as President, PSU At the conclusion of the Executive Sessions on April 20 and 22, 1990, they were adjourned, and the Board reconvened in Regular Session. The Chancellor announced that an offer to Dr. Judith A. Ramaley had been extended and accepted.

The Board approved the appointment of Dr. Ramaley as the next president of Portland State University, with the following voting in favor: Directors Adams, Bailey, Bruggere, Johnston, Matthews, Miller, Richardson, Swanson, Miller, and Hensley. Those voting no: None.

ADJOURNMENT The Board meeting was adjourned at 3:50 p.m. on April 22, 1990.

Richard H. Hensley, President
Wilma L. Foster, Secretary
### Pending Report Items

A summary of reports, requested information, or topics designated for future review or consideration is presented below:

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<th>Topic</th>
<th>Original Presentation</th>
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<td>Development of Strategy re Inadequate Resource Allocation for Operation and Maintenance of Buildings</td>
<td>2/17/89</td>
<td>April-May 1990</td>
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<td>Academic Progress of Student Athletes</td>
<td>March 1983</td>
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<td>Selective Admissions</td>
<td>4/21/89</td>
<td>Periodic reports on effect at each campus</td>
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<td>Shortage of Student and Faculty Housing in Ashland</td>
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<td>Scholarship and Athletic Funding from Sports Lottery</td>
<td>7-21-89</td>
<td>Report made in January; others to be made as needed</td>
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<td>Statement of Expectations re Expenditure of Unrestricted Funds</td>
<td>9-7-89</td>
<td>April-May 1990</td>
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<td>Law School, UO—Plan for adequate solution to resource problems</td>
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<td>Minority Education—Institutional Plans, including graduate education</td>
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<td>May 1990</td>
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<td>M.S. Degree in Health &amp; Safety Administration, OSU — Review along with statewide plan in three years</td>
<td>12-14-89</td>
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Coordinated Plan for Delivery of Health Administration and Public Health Programs
12-14-89
July 1, 1991

Review of Women and Minorities in High Administrative Positions
1-19-90
Not specified

Discussion of Elimination of Universities' Athletic Deficits

April 20, 1990
June 1990