STATE BOARD OF HIGHER EDUCATION
MINUTES OF SPECIAL MEETING HELD AT
BENSON HOTEL, PORTLAND, OREGON
July 7, 1948
11:00 A.M.

MEETING #175 Upon request of five Board members and at the call of Mr. Edgar W. Smith, President, a special meeting of the State Board of Higher Education of the State of Oregon was held at the Benson Hotel, Portland, Oregon at 11:00 A. M. on July 7, 1948.

ROLL CALL The meeting was called to order by the President of the Board, Edgar W. Smith, and on roll call the following answered present:

Henry F. Cabell
George F. Chambers
Leif S. Finseth

A. S. Grant
R. E. Kleinsorge
Cheryl S. MacNaughton

Edgar W. Smith

Absent: Phil Mestshan, Herman Oliver.

There were also present: Chancellor Paul C. Packer; Dr. Charles D. Byrne, Secretary of the Board; President Harry K. Newburn of the University of Oregon; Dean E. R. Lemon, representing Oregon State College; Dean J. F. Cramer of the General Extension Division.

REJECTION OF BIDS ON HOME MANAGEMENT OUTLAY COMMITTEE

Dr. R. E. Kleinsorge, Chairman of the Buildings, Grounds and Capital Outlay Committee, presented the following report:

"The Building Committee met this morning and received bids on the Home Management House at Oregon State College. There was allotted for the project $65,000, $56,000 of which was for actual construction. The lowest bid received was for $80,800 from E. E. Settlergen. Two other bids were received on the project as follows:

Lease & Leigland $ 81,300
Charles J. Johnson 89,731

"Inasmuch as the bids were so far in excess of the funds available for the project, it appears unwise to proceed with this project at the present time. Accordingly, the Building Committee recommends that all bids be rejected."

The Board approved the report of the Committee and rejected all bids received on the Home Management House.

AWARDING CONTRACT ON ROADS AND WALKS PROJECT AT OSC

Dr. Kleinsorge reported as follows concerning the opening of bids on the roads and walks project at Oregon State College:

"At 10:30 A. M. the Building Committee opened bids on the roads and walks project at Oregon State College. The only bid received was $51,577 from Warren Northwest Incorporated. In addition to the actual construction contract there will be costs of surveys,
laying out the project, changes in utility lines affected by the project, and costs of supervision and administration. These will amount to approximately $10,000, making the total cost $62,000.

Since the project was originally estimated to cost $70,600, the bid for construction is well within the budget estimate. The Building Committee, therefore, recommends acceptance of this bid with authority for the proper officials to sign the necessary contracts. This award is made subject to the authorization by the Board of Control and the State Emergency Board for the use of the necessary funds for the project from the State Building Fund."

The Board accepted the report of the Committee and approved awarding the contract to Warren Northwest Incorporated for their bid of $51,577.

Dr. Kleinsorge made the following report on the employment of an architect for the work on the Hayward Field stands:

"The Building Committee is recommending that a contract be entered into with Hollis Johnston for architectural service on the additional stands for Hayward Field. The basic fee will be 5 per cent of the cost of the work on the south stands. While working on the south stands, the Committee feels it would be advisable to also design the north stands. Since the north stands will be almost a duplicate of the south stands, the architectural fee for the north stands will be only 1 1/4 per cent of the cost of the work. The Committee recommends approval of this contract as worked out by University and Board officials."

The Board approved the employment of Hollis Johnston as architect on the football stands on Hayward Field.

Dr. Kleinsorge reported as follows on the employment of an architect for the McArthur Court remodelling project:

"A recommendation was presented to the Building Committee for the employment of Lawrence, Tucker and Wallmann as architects to plan and design the installation of a balcony in McArthur Court, with the necessary remodelling connected therewith. The fee proposed to the Committee was 6 1/2 per cent of the cost of the work, including structural engineering service, plus not to exceed one-half of 1 per cent of the cost of the work for mechanical engineering service. This fee is in line with the Board's established policy on remodelling projects.

"The Building Committee recommends that proper Board officials be authorized to enter into a contract with Lawrence, Tucker and Wallmann for the architectural service on this project."

The Board approved the report of the Committee and the employment of Lawrence, Tucker and Wallmann as architects on the proposed work on McArthur Court.
Dr. Kleinsorge concluded the report of the Building Committee as follows:

"The architectural firm of Stanton and Johnston have dissolved partnership and by mutual agreement between the principals of the firm, Mr. Stanton is taking over the work on the Oregon State College Agricultural Building and Dairy Manufacturing Laboratory. Mr. Stanton has submitted a modification of the architects' contract signed by himself and Mr. Johnston, which assigns the contract to Mr. Stanton. This should be approved by the Board and the Building Committee so recommends."

The Board approved the modification of the architects' contract on the Agricultural Building and Dairy Manufacturing Laboratory and authorized the proper Board officials to sign the amendment.

Mr. Henry F. Cabell, Chairman of the Finance Committee, reported to the Board on the special joint meeting of the Finance Committee and the Executive Committee held on June 28. At this meeting a preliminary proposal of John Nuveen and Company, dated June 23, on financing the Student Union Building and the athletic improvements to McArthur Court and the stadium was discussed by Board members present. Two objections to the Nuveen proposal were registered at that time, namely, the policy of paying a fee of approximately $25,500 to the John Nuveen and Company for financial service; and the provision proposed for the bond resolution wherein the Board would covenant to guarantee an annual bond service charge of $60,000 per year from the $5 per term building fee, plus income from the Union Building, McArthur Court and the stadium. Mr. Cabell reported that he felt the fee for the financial service was not excessive but that the payment of such a fee by a public body might be subject to criticism.

Mr. Cabell asked Mr. Bork to report on the conference he and Mr. Darling had with John Nuveen and Company in Chicago subsequent to the meeting of the Finance Committee and the Executive Committee. Both Mr. Bork and Mr. Darling reported in detail on that conference.

There was placed in the hands of all Board members a revised proposal of the John Nuveen and Company, dated July 2, 1948, as follows:

"Honorable President and Members of the State Board of Higher Education
State of Oregon
Eugene, Oregon

Gentlemen:

Following the meeting here in our office in Chicago today attended by Messrs. H. A. Bork, Stanley R. Darling, and W. J. Altfisz of Chapman and Cutler, we submit herewith a modified proposal with respect to your proposed financing of the cost of construction at the University of Oregon of a new Student Union Building, additional seating capacity for McArthur Court, and stadium improvements to Hayward Field."
"It is herewith proposed that the Board of Higher Education 
issue between $1,650,000 and $1,800,000 University of Oregon 
Construction Bonds (the exact amount to be determined by mutual 
agreement), to be dated September 1, 1948, to mature in not to 
exceed thirty years and be redeemable prior to maturity as is 
mutually agreeable, to be sold at publicly advertised sale, and 
to be secured by: (a) the pledge of a building fee in the amount 
of $5.00 to be collected from each full time student, and $2.50 
from each part time student, at the beginning of each term at 
the University and (b) the pledge of the income to be derived 
from the operation of the new Student Union Building, McArthur 
Court and Hayward Field, the Board agreeing to dedicate exclusively 
to the payment of the principal and interest on these bonds an 
amount of such income equivalent to $3.00 per full time student 
and $1.50 per part time student per term, and to operate such 
facilities so as to cause their joint annual total income, as 
supplemented by the proceeds of student building fee collections, 
to satisfactorily provide sufficient annual income to meet interest 
and principal payment requirements with an adequate margin of safety; 
provided, however, that there shall be nothing in the bond proceed-
ings, or in the undertakings of the State Board of Higher Education, 
with respect to the security of the bond issue which will obligate 
the State Board to do anything beyond its ability. The bonds 
shall be additionally secured by a Debt Service Reserve Fund, to 
be accumulated in 1949 and 1950 from the income pledged to the 
payment of these bonds, in such amount as is mutually agreeable, 
of which not less than $50,000 shall be deposited in such fund 
at the time of issuance of these bonds. (It is understood that 
this statement of the security for the bonds is necessarily 
brief and the security finally and completely developed in detail 
in the proceedings authorizing these bonds shall not be limited 
accordingly.)

"The maturities and redemption features of these bonds shall be 
determined by mutual agreement, keeping in mind that maximum 
marketability wants to be afforded the issue, maximum flexibility 
 wants to be incorporated in it, maximum savings in interest charges 
 wants to be realized on it, the minimum liability for fixed 
charges wants to be established in it, and minimum redemption 
expense wants to be incurred in connection with it in the event 
of the Board's election to retire the issue in 1951. To these 
ends we agree to counsel and collaborate with the officials of the 
Board and the University to the best of our ability.

"As evidence of our confidence in our ability to accomplish the 
objectives outline, with your cooperation and assistance, we here-
with agree to bid at least par and accrued interest for bonds to 
bear interest at a rate of 3 1/2%, or to specify such interest 
rates in our bid as will produce an interest cost of no more than 
3 1/2%. (In computing interest cost, it is understood that the 
interest on Serial Bonds and on Term Bonds will be computed to
absolute maturity and the interest on Serial Option Bonds will be computed to the dates on which they become optional at par.) We reserve the right to better such bid as we may deem desirable at the sale of these bonds and the Board agrees in the consideration and comparison of the bids received for these bonds to treat our bid the same as all others received. It is mutually understood and agreed, however, that in view of the fact that there is a considerable interim of time intervening between this date and the probable date of sale of these bonds, that the degree of change in the Dow-Jones Index of Twenty State and Municipal Bonds from the date of our original proposal of June 23, 1948, (2.17%), to the date of their sale, shall be reflected in the interest rate and cost that we herewith agree to bid for these bonds at such sale. Such sale of bonds shall be held on or before November 1, 1948, or such later date as is necessary and is mutually agreeable, and we agree to advise the Board as to what appears to be the most favorable time for their sale, and to render such additional aid and assistance as is possible to assist it in an advantageous sale of these bonds.

"We herewith agree to reimburse the Board for the expense of its counsel, Darling & Vonderheit, and the fees of Messrs. Chapman and Cutler, for their services rendered in connection herewith, and for the cost of the printing of these bonds. We further agree to prepare a prospectus for distribution by the Board to interested bidders for these bonds, which prospectus shall outline in detail the description of these bonds and their security, a summary of facts with reference to the University, a description of the application of the bond proceeds, date with respect to the enrollment of the University and historical and anticipated earnings and income to be derived from the operation of the facilities to be constructed or improved, their legal status, and other related and relevant information that persons interested in bidding on these bonds would need, and to have this prospectus available and in the hands of the Secretary of the Board by the time of the initial advertisement of these bonds for sale.

"For and in consideration of our services rendered and our expenses incurred hereunder, the Board agrees to pay us a fee equal to 1 1/2% of the par value of bonds issued up to the amount of $1,650,000, and 1/2 of 1% of the par value of any and all bonds issued in excess of this amount. Such fee shall be payable to us at the time of delivery of these bonds to the purchaser thereof, whether they are purchased by us or others.

"In the event of the Board's abandonment of the issuance of these bonds, through no fault of ours, with the result that these bonds are not issued, the Board agrees to assume and pay the expense of its counsel and of bond counsel, for services rendered to the date of such abandonment, and a token payment to us in the amount of $2,000 for our time expended and expense incurred in connection with this endeavor."
"We agree to counsel and collaborate with the Board and its employees to the end of assisting the Board in the issuance and marketing of these bonds on the most satisfactory and economical basis, and the Board agrees to cooperate with us, furnish such data and information as is requested by us, adopt such legal proceedings authorizing the issuance, sale and delivery of these bonds as are required by bond counsel and approved by its counsel for the legal issuance of these bonds, and to take such steps as are required to expedite this financing and carry it forth to a successful conclusion; it being the essence of this agreement that by reason of the cooperation and collaboration of the parties hereto, this financing will be promptly and successfully accomplished.

"It is mutually understood and agreed that the Board's acceptance of this proposal, and its execution and acknowledgment of such acceptance in the space provided below, shall cause this to constitute a contract by and between the Board of Higher Education of the State of Oregon and the undersigned.

Respectfully submitted,

JOHN NUVEEN & CO.

By /s/ C. W. Laing
C. W. Laing

"Accepted this 7th day of July, 1942, for and on behalf of the Board of Higher Education of the State of Oregon pursuant to authority of the Board.

(Official Seal)

Attest: Secretary

President

This proposal was discussed in detail by Board members. The particular section of the proposal wherein the Board agrees to pledge the building fee, plus the income to be derived from the operation of the new Student Union Building, McArthur Court and Hayward Field, and wherein it agrees to provide sufficient annual income to meet interest and principal payment requirements with an adequate margin of safety, provided however that the State Board does not agree "to do anything beyond its ability," satisfied the objections raised by Board members at the previous meeting to the original proposal of John Nuveen and Company. It was agreed by all Board members present that the payment of the fee to John Nuveen and Company was justified on the basis of service rendered and in guaranteeing a ceiling bid on the bond issue.

Mr. Bork also reported that the tentative calendar of future events contemplated that the Company would have a preliminary draft of a prospectus and bond resolution available at the time of the next Board meeting on July 27; that advertising for the sale of the bonds would begin about the middle of August; that construction bids would be opened on September 14; that immediately thereafter notification in regard to the construction bid amounts and the effect thereof, if any, on the bond issue would be given to individuals and organizations which had previously been furnished a copy of the prospectus for the bond issue; and the sale of the bonds to be received at
a special meeting of the Board to be held on approximately September 24, at which time the official resolution could be presented and adopted.

It was the understanding on the basis of this tentative schedule if the construction bids opened on September 14 were acceptable that construction bidders would be advised conditionally of the acceptability of their bids. They could then arrange for the necessary performance bonds, prepare the construction contract documents, and be ready to sign the contracts following the awarding of the bonds. The deferment of the opening of the bond bids to approximately September 24 would, therefore, cause no delay in the construction program.

Board members all expressed themselves as satisfied with the revised proposal of John Nuveen and Company and upon motion by Mr. Cabell and second by Mr. Chambers voted to accept the proposal dated July 2, 1943 and authorized proper Board officials to execute the documents.

President Newburn then presented to the Board the proposed financial program on the Union Building, the McArthur Court balcony and the additional seats for Hayward Field.

Student Union Building $1,489,787
McArthur Court, 3000 additional seats 115,000
Hayward Field, South end, 5000 to 7000 seats of which 1100 are replacements. 135,000

Subtotal (including contingencies $83,085) $1,739,787

Establishment of sinking fund for new issue 50,000
To redeem bonds now outstanding 310,213

Subtotal $2,100,000

Less funds already on hand, including $27,000 from athletic department cash balances and $23,000 of 1948-49 collections of a $2 per term student union fee which starting with 1949-50 will be used for operating expenses 450,000

Minimum amount of bond issue $1,650,000

Supplementary contingency if estimated construction costs noted above are exceeded or if it is desired to provide for the replacement of 5000 stadium seats at the North end thereof 150,000

Maximum amount of new bond issue $1,800,000

This program provides for a bond issue of $1,800,000. It also provides for the following amounts for construction on the three projects:

- Union Building $1,200,000
- McArthur Court balcony 100,000
- Hayward Field seating 119,000
To service the bond issue of $1,800,000 there will be pledged the $5 per term building fee, plus the income from the Union Building, McArthur Court and Hayward Field. It is contemplated, however, that the $5 per term building fee, the income from the $3 portion of the incidental fee devoted to Union Building purposes, the rental income from the Book Store, and approximately $13,525 a year from intercollegiate athletic activities will adequately service the bonds providing a coverage of approximately 180 per cent at the present enrollment.

Board members expressed themselves as being satisfied with the security on the bond issue and with the entire financial program presented by Dr. Newburn.

The Board voted to approve the financial program as presented for the Union Building, the McArthur Court balcony and the additional stands at Hayward Field.

**CONSTRUCTION OF NEW STANDS IN HAYWARD FIELD AT U OF O**

Dr. Kleinsorge, Chairman, made the following report for the Building Committee on the project involving the construction of new stands for Hayward Field:

"Architect Johnston presented to the Committee the preliminary plans for the additional stands on Hayward Field. He reported that 7,000 seats could be constructed at the south end of the field. The architect proposed concrete construction which would cost approximately $25 a seat. A suggestion was made that some slight revision be made in the design of the stand in order to make available the space beneath the stand for storage purposes. President Newburn indicated to the Committee that bids would be called on both 5,000 and 7,000 seats in the south end of Hayward Field, both open stands and covered. He also indicated that it would be advisable to take a bid on a similar stand at the north end of the field to replace the old wooden stands. If funds happen to be available, the present north stands would then be replaced.

"The Building Committee recommended to the Board approval of the preliminary plans of the project and the proposal for bidding as presented by the architect and President Newburn."

The Board voted to approve the report of the Building Committee on the project involving additional seating capacity for Hayward Field.

**CONSTRUCTION OF BALCONY IN McARTHUR COURT AT U OF O**

Dr. Kleinsorge reported to the Board that Mr. Wallmann, architect on the McArthur Court balcony project, had presented preliminary sketches on this project to the Building Committee. The additional balcony will provide 3,000 seats. It will involve, however, some remodeling in the present structure to provide exits from the new balcony. Mr. Wallmann stated that the vision from the balcony seats will be good and that the addition of the balcony will not impair the vision from the existing seats. He indicated to the Building Committee that this proposed plan has the approval of the State Fire Marshal.
Dr. Kleinsorge, on behalf of the Building Committee, recommended to the Board that the preliminary plans on the additional balcony in McArthur Court be approved and that the final plans be submitted to the Board at the July meeting.

The Board voted to approve the preliminary plans on the McArthur Court balcony as presented.

At the June meeting the Board instructed Dean Cramer, working in cooperation with the Chancellor's Office, to seek facilities in which to offer the daytime education program offered at Vanport prior to the flood. Chancellor Packer reported that immediately after that Board meeting an investigation was started to find a suitable place in which to offer this program. Several possibilities were investigated, two of which proved worthy of further consideration. One was the administration building at the Oregon Shipbuilding Corporation and the other the Odd Fellows Building. The Odd Fellows Building, however, would cost $40,000 a year rental, plus an additional $30,000 for remodeling. The administration building at Oregon Shipbuilding Corporation is ideally suited for classroom purposes and would require little or any remodeling. Dean Cramer indicated that he would be satisfied with the building. While this building is more than a mile farther from the downtown district than Vanport, Dean Cramer indicated that the transportation facilities probably would be better than those to Vanport.

Dr. Byrne explained the procedure that it had been necessary to go through in order to get a commitment on the building. This building was first offered through the War Assets Administration at a rental that would amount to from $60,000 to $70,000 a year. Dr. Byrne indicated to War Assets that this was out of the question. An arrangement was worked out wherein the Federal Works Agency, through its program of flood relief, would request the building from War Assets on a permit basis. The Federal Works Agency, in turn, would grant a permit to the State Board of Higher Education for the use of the building to June 30, 1949. Use of the building could then be obtained at a very nominal figure.

Dr. Byrne indicated that some delay had been encountered in ironing out the legal aspects of previous contractual arrangements between the federal government and the Kaiser interests. He reported that Mr. Al Bower, representing the Kaiser interests, had been very cooperative in the matter and that he had just received a telephone call from the War Assets Administration in Seattle indicating that the Kaiser interests and War Assets had come to an agreement.

Since it appeared that the Administration Building at Oregon Shipbuilding Corporation will be available for the educational program formerly conducted at Vanport, the Board voted to authorize Dr. Packer and Dr. Byrne to complete negotiations for the use of the building.

Dean Cramer indicated that he would like to have the name to be used in connection with the program settled inasmuch as it would be operat
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Meeting under a separate budget from the Portland Extension Center. A number of suggestions were made but the Board voted to retain the original name "Vanport Extension Center."

ADJOURNMENT The Board adjourned at 2:35 P. M.

EDGAR W. SMITH, President

CHARLES D. BYRNE, Secretary