MINUTES OF REGULAR MEETING OF THE
STATE BOARD OF HIGHER EDUCATION HELD
MARCH 15, 1985

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ADJOURNMENT
STATE BOARD OF HIGHER EDUCATION
MINUTES OF REGULAR MEETING HELD IN
DADS' ROOM, UNIVERSITY OF OREGON,
EUGENE, OREGON

March 15, 1985

Meeting #522

A regular meeting of the State Board of Higher Education was held in the
Dads' Room, Erb Memorial Union, University of Oregon, Eugene, Oregon.

ROLL CALL

The meeting was called to order at 10:30 a.m., March 15, 1985, by the
Vice President of the Board, Mr. Alvin R. Batiste, and on roll call the following
answered present:

Mr. John W. Alltucker
Mr. Alvin R. Batiste
Mr. Gene Chao
Mr. Terrence A. Clark
Mrs. Harriett J. Flanagan

Mr. Edward C. Harms, Jr.
Mr. Richard F. Hensley
Mrs. Janet S. Nelson
Miss Linda L. Walling

Absent: Mr. Perry and Mr. Petersen were out of the state.

OTHERS PRESENT

Centralized Activities--Chancellor William E. Davis; Secretary Wilma L.
Foster; Clarethel Kanahaniu, Acting Vice Chancellor for Academic Affairs;
W. T. Leeman, Vice Chancellor for Administration; Wil Post, Vice Chancellor
for Public Affairs; Clifford V. Smith, Jr., Director of CASEERI; Davis
Quenzler, Associate Vice Chancellor for Budget and Fiscal Policies; R. S.
Perry, Associate Vice Chancellor for Administration and Planning Services;
Larry Pierce, Executive Assistant to the Chancellor; Melinda Grier, Compliance
Officer; Ross Hall, Controller; Holly Zanville, Assistant Vice Chancellor for
Academic Affairs; J. Richard Pizzo, Assistant Vice Chancellor for Student
Services; Ron Anderson, Assistant Vice Chancellor for Personnel Services;
Art Mancl, Director, Campus and Building Planning; Kay Juran, Assistant
Vice Chancellor for Public Affairs; Jerry Lidz, Assistant Attorney General;
Bill Cannon, Coordinator, Academic Computing Services; Terry Hippenhammer,
Coordinator, Information Systems; David Stubbins, Coordinator of Management
Studies and Services; Karen McCumsey, Secretary to the Chancellor; Robyn
Pierce, Clerical Assistant; Sandra Drengacz, Research Analyst; Tim Marsh,
Information Director.

Oregon State University--President John V. Byrne; T. D. Parsons, Vice
President for Administration; Jon Root, Director, Communication Media
Center; Ron Cameron, Faculty Senate.

University of Oregon--President Paul Olum; Richard J. Hill, Provost; Dan
Williams, Vice President for Administration; Stephen F. Pruch, Sara Wyant,
Susan Hilton, Mary Bradley, Alice Chan, Sharon Collins, Naomi Stewart,
Joanne Hugi, Gordon Ashby--faculty and staff from UO Computing Center;
Pete Swan, Assistant to President for Legal Affairs; Wayne Kurlinski, Vice
President for University Relations; Shirley Menaker, Dean of the Graduate
School; Marjory Ramey, Director, Housing; Gerald Bogen, AAUP Chapter
President; George Shipman, University Librarian; Kurt Murphy, Library
Systems Analyst.

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

Portland State University--Margaret J. Dobson, Interim Vice President for
Academic Affairs; Roger Edgington, Interim Vice President for Finance and
Administration; John Oh, Head, Finance and Law Department.

Eastern Oregon State College--James Hottois, Dean of Academic Affairs; James
Lundy, Dean of Administration.
Oregon Institute of Technology--President Larry Blake; William W. Smith, Dean of Academic Affairs; John Smith, Dean of Administration; J. C. McAttee, Department Chairman, Computer Systems Engineering Technology; William A. Deutschman, Curriculum Coordinator, Laser Electro-Optical Technology; Joan Foster, Division Chairman, Arts and Sciences.

Southern Oregon State College--President Natale A. Sicuro; Ronald Bolstad, Dean of Administration; Ernest E. Ettlich, Dean of Academic Affairs; Gary Prickett, Dean of Development and College Relations.

Western Oregon State College--President Richard Meyers; Bill Cowart, Provost; William Neifert, Dean of Administration; Pete Steen, Western Foundation.

Others--Jetta Siegel, Executive Secretary, Oregon Conference/American Association of University Professors; Keith Pettingill, Sales and Marketing Representative, Digital Equipment Corporation; Chris Tamarin, Accounting Executive, Higher Education, Pacific Northwest Bell; Kaye C. Robinette, Robinette, Cleveland, Williams and Gebhardt, Eugene; Andy Hulverda, National Account Manager, XEROX Corporation; Don Abbott, Academic Specialist, IBM.

MINUTES APPROVED

The Board dispensed with the reading of the minutes of the last regular meeting held on February 15, 1985, and approved them as previously distributed. The following voted in favor: Directors Alltucker, Batiste, Chao, Clark, Flanagan, Harms, Hensley, Nelson, and Walling. Those voting no: None.

Executive Session

Mr. Batiste announced that an Executive Session of the Board would be held during the Board luncheon, as permitted by ORS 192.660(1)(h), for the purpose of consulting with counsel concerning current litigation. He indicated that in accordance with ORS 192.660(3), representatives of the news media would be permitted to attend, subject to the requirement that the information discussed concerning litigation would remain undisclosed.

Approval of New Programs

Mr. Batiste announced the Oregon Educational Coordinating Commission had approved the BA degree program in American Studies at the University of Oregon and the Certificate in Russian Studies at Oregon State University. He said he had been pleased to read the Commission's endorsement of these programs with such high acclaim and had been impressed with the fairness with which the programs were reviewed.

CHANCELLOR'S REPORT

Establishment of Executive Vice President, PSU

The Chancellor stated that President Blumel had requested the establishment of the position of Executive Vice President at Portland State University. The person would act on behalf of the president in his absence, would represent the president at various councils and meetings when the president is unable to attend, would guide the planning activities of the institution to monitor the overall progress of the institutional plan, and would assume general administrative oversight of a number of operating units currently assigned to other administrative officers. These are expected to include affirmative action, admissions and records, intercollegiate athletics, budget, and institutional research. President Blumel indicated the reassignment of functions such as these would result in better distribution of responsibilities within the central administration and would result in a more effective overall management of the university. He stated also the establishment of the position would compensate in some measure for the elimination of the position of Executive Assistant to the President during recent budget cuts. The Chancellor recommended that the Board approve the establishment of the position.

The Board approved the recommendation, with the following voting in favor: Directors Alltucker, Batiste, Chao, Clark, Flanagan, Harms, Hensley, Nelson, and Walling. Those voting no: None.
The Chancellor said that President Blumel recommended the position of Executive Vice President, if approved, be filled by Dr. Margaret Dobson, presently serving as Interim Vice President for Academic Affairs. Her appointment would become effective when the position of Vice President for Academic Affairs is filled on a permanent basis. The search for a person to fill that position is underway. The Chancellor recommended approval of the appointment as requested by President Blumel.

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

The Chancellor said that at the last meeting, the Board had discussed the effect of the proposed cuts in financial aid to higher education and had considered a possible response. A draft letter for distribution to the Congressional delegation, the Governor, and the Legislature, was presented for Board consideration. The Chancellor indicated the letter contained a positive approach in reaffirming a strong stand and commitment to the financial aid programs in the state. The estimated impact of the proposed changes was included, together with a description of the magnitude of the program. The Chancellor read the draft statement and invited comments or suggested changes. He then requested Mr. Richard Pizzo, Assistant Vice Chancellor for Student Services, to explain the latest information with respect to the financial aid changes.

Mr. Pizzo indicated that the Senate Budget Committee had finished its resolution and had proposed a cut of $200 million in the Guaranteed Student Loan program but had not specified how those cuts would come about. The Senate provided for inflation in the Pell grants and recommended that the remainder of the programs be frozen at their present levels. At this juncture, there are no drastic cuts in the financial aid programs. The resolution must now go to the full Senate for approval and then to the House. He said the letter from the Board, sounding a very positive note, would be helpful to the Oregon Congressional delegation as these issues are reviewed.

Mr. Pizzo said Oregon students have need and are worthy of the financial aid they have been receiving. The people admitted to the institutions can do the work, and it is a good investment to assist them. The students repay their loans.

Mr. Alltucker asked whether there were any statistics on the number of students who enter the program and then fail to get their degrees.

Mr. Pizzo said student retention with respect to completing the degree is difficult to obtain but he would suspect that people who are receiving financial aid will succeed as well or better than those who are not getting assistance because they are investing more of their own time and money toward that goal.

Mr. Alltucker then inquired whether there should be an upper limit in family income above which a student would not receive aid. He said the statements at the national level appear to indicate some abuses at the upper income levels and the intent of the administration is to eliminate those abuses.

Mr. Pizzo said he would agree that the financial aid should be on the basis of need. A strict needs analysis for the Guaranteed Student Loan program would discover those instances and eliminate them.

The Board adopted the letter to be sent to the Oregon Congressional delegation, the Governor, the Legislature, and other interested parties. In adopting the motion, it was agreed the Chancellor would insert appropriate language to reflect Mr. Alltucker’s suggested modification stating that the Board applauded the administration’s attempt to remove any abuses that might be occurring in the system of financial aid and that the Board pledged to do its part in Oregon in this regard. The following voted in favor: Directors Alltucker, Batiste, Chao, Clark, Flanagan, Harms, Hensley, Nelson, and Walling. Those voting no: None.
The letter, as adopted, and with the suggested modifications, follows:

The Oregon State Board of Higher Education strongly supports the current federal programs of financial aid to students. This year 28,122 students attending Oregon's public four-year colleges and universities are relying on a federal grant or loan to help pay for their higher education. The proposed reductions in federal financial aid would eliminate or reduce aid for approximately 40% or 11,050 of our students in 1986.

The United States is enjoying a vigorous economic recovery. The federal government's fiscal and monetary policies have certainly contributed to the economic turnaround. Some credit also belongs to the country's unique experiment with mass public higher education made possible by such programs as the GI Bill and federal financial aid to students. No country in the world has educated as many students to as high a level as the United States. And the college and university graduates of the 1960s and 1970s have provided the highly educated work force that has permitted this country to develop the new technologies driving our current economic expansion.

Some argue that the country has made higher education too easily available, resulting in a decline in quality. This may be true in some cases. In Oregon, the State Board has raised college and university entrance requirements. Students must now complete rigorous college preparatory programs in high school, including four years of English, three years of mathematics, two years of science, and three years of social science to be eligible for admission. Students entering Oregon's colleges and universities are prepared for college level work. They will become the raw material needed in Oregon's new, more diversified economy.

The Board applauds efforts to reduce abuses in the student financial aid system. In one area of abuse, the default on student loans, Oregon's repayment record is enviable. The state's 98% repayment rate is one of the highest in the country.

Reducing student financial aid will not improve educational quality nor, in the long run, reduce the federal deficit. Investment in education has been shown to more than pay for itself in the additional taxes paid by college graduates.

In summary, we urge you to continue your support of federal aid to college and university students.

A fact sheet showing the effect of the proposed changes in financial aid on Oregon students is included with this letter.

This statement was adopted by the Oregon State Board of Higher Education on March 15, 1985.

The Chancellor reported that he had been invited to accompany Governor Atiyeh and Mr. Tom Kennedy of the Department of Economic Development on a mission to meet with the management executives on the Saturn Project of the General Motors Corporation. The mission also included the State Superintendent of Public Instruction Verne Duncan.

The Chancellor said the meeting with the executives for the project was very interesting because the Saturn project is a new concept in which they are not planning to use any existing parts of the automobile or existing equipment for production. They are looking at a whole new strategy in terms of the involvement of labor and management and the effort to improve productivity. The premise is that in order to compete with foreign markets, it will be necessary to produce a better product with fewer employees who are paid more and are more highly trained so that they can accept a level of responsibility, including the modern technologies of manufacturing such as robotics and other areas. The people employed must have the ambition.
and aspiration to improve on the job and to develop new skills. Consequently, a major focus of the meeting was on education. The Chancellor said the executives were very interested in the quality of the public schools in Oregon and Superintendent Duncan did an excellent job in presenting the high quality of the public schools and the community college system in Oregon. Dr. Duncan indicated the community colleges have expressed a real interest in providing basic level entry training and skills for people involved in the business and industry that develops in Oregon. They also are committed to providing continuation of these opportunities.

The Chancellor said he had pointed out that Oregon had a coordinated system of higher education and that some of the liberal arts colleges, including those in the private sector, were among the best in the country. The programs at Oregon Institute of Technology were emphasized with the indication that Oregon had the capacity and potential to develop polytechnic engineering at other sites in the state in response to the needs of business and industry. He expressed the interest of the State System in interacting with business and industry in cooperative education and research.

The Chancellor said the executives were very interested in the work in materials science and metallurgy, in the high standing of Oregon State University in support for research and development, and in the overall coordinated programs that might be possible through a single system. The Chancellor said the situation is very competitive and that it would be impossible to predict the outcome. The response to Oregon's presentation was warm and enthusiastic. The ready access to aluminum, the livability of Oregon, and its quality of life were areas of concern and interest during the presentation.

The Chancellor indicated that this type of presentation might well become a pattern for the future as firms seek to expand in new locations. The Chancellor said he was impressed by the fact that there is going to be a need for a highly-trained work force on many levels to prepare employees who will be productive and make a profit for their companies. There will be a demand for people who aspire to improve their levels of skills, and the ability of the educational system to adapt and to provide opportunities for continuing education on all levels will be the means of strengthening the relationship with business and industry over the next few years. At the same time, it is important to enhance and preserve basic offerings in the arts and sciences and in traditional subjects.

The Chancellor concluded by saying that Oregon should be attractive to business and industry looking for investment because the state has a very good record. There are excellent programs and a firm foundation on which to build in this state.

The Chancellor said the hearings with Ways and Means were nearly concluded and work sessions would be held during the last week of April. The hearings have been very positive, with the caution that everyone is sensitive to the limitation of funds and the many demands on already strained resources. There have been other hearings in the Senate Education Committee related to higher education. This committee is completing its visits to the university campuses and examining the research programs at those institutions.

At the request of the Chancellor, Mr. Lemman reviewed the proposed integrated information system for the State System of Higher Education. Mr. Lemman said the Board had discussed previously the planned integrated information system and had considered also an integrated library system during the development of the biennial budget plan. A pictorial presentation of the three major components of the future administrative data processing system was distributed. A copy is on file in the Board's Office.
Mr. Lemman said the institution-based computing resources would have their own local, unique data files and would include instruction and research, hospital and patient systems, and other institutionally-based systems. The major elements of the integrated library system would include the on-line public access, cataloguing, circulation, acquisitions, and serials control. The integrated information system, comprising financial, student, and budget/personnel/payroll components, would have a corporate data base utilizing standard data elements among the institutions, with unique data elements provided where necessary. The three major systems will be linked by a communications network so that there can be interaction with any or all of them as required.

Students, faculty, and staff would be able to interact with any or all of the elements for which they have security clearance. The library system would be accessible to the State Library, community college and private institutional libraries, and to non-institutional patrons through telephone access. Interconnections will be available to national networks for specialized data bases, and there will be connections to the state information systems operated by the Executive Department and the Legislative Assembly.

Mr. Lemman then described the committee participation in the development of the plans. He reviewed the elements of the library automation system in some detail.

Mr. Lemman said a number of factors have resulted in the opportunity to attract some activity from national vendors by building on existing components in a more comprehensive way. Oregon is attractive in this respect in that it is a microcosm of higher education throughout the country. Under one governing board, Oregon has large comprehensive research universities, an urban university, a separate health sciences institution, a technological institute of note, regional colleges with geographical problems, and opportunities to meet the needs of disparate institutions.

Mr. Lemman said Honeywell Corporation and Systems Computer Technology Corporation have been identified as the two strategic vendors with possibly one other corporation, with which cooperative arrangements will be made. The intention is to establish a research and development relationship with these firms so that we can begin to accomplish in the near future the major effort that has been in progress for some time.

In response to a question concerning funding, Mr. Lemman indicated that with the exception of the library automation plan, the improvements will have to be accomplished through existing resources, because no new resources are available. Financing plans are being developed which will make this possible.

Mr. Alltucker was assured that the final request to the Board for the library automation project would include a clear estimate of the capital cost and the annual cost for maintenance and update, and also a clear picture of how many people hours would be saved for both staff and users of the library. Some of this information was presented at the time of the biennial budget plan.

The Chancellor said an announcement would be published seeking applications for the position of Vice Chancellor for Academic Affairs. The applications are to be postmarked by April 30, 1985. The position would be available on July 1 or a negotiated date thereafter. The Chancellor indicated he had copies of the position description and the announcement available for distribution to the Board.

At its meeting on February 15, 1985, during the report of the Chancellor, the Board heard a brief overview and explanation of the proposed Riverfront Project of the University of Oregon. Briefly, the project envisions the use of up to 70 acres of land owned by the Board and the University on the
north side of Franklin Boulevard for the creation of a research park. The land would be leased to a nonprofit corporation which will be created specifically for the purpose of this project, with the expectation that the corporation will then enter into contractual arrangements with a master developer, who in turn will construct the lease facilities for their ultimate users.

The information following the staff recommendation describes the rationale for the overall project, the rationale for the use of the nonprofit corporation, the general conditions under which the University requests that the Board lease the land, the modes of development under consideration, and land rededication requirements.

Staff Recommendation to the Committee

President Olum recommended, and the Chancellor concurred, that the Board authorize the Vice Chancellor for Administration to enter into a lease on the referenced property to the nonprofit corporation when the following conditions are met:

1. The nonprofit corporation is satisfactorily created and maintained in its nonprofit status under terms and conditions consistent with the opinions of the Attorney General.

2. That the lease be for a period of not more than 50 years with provision for 12-year renewals with the maximum period of the lease, including renewals, not to exceed 98 years.

3. That an appropriate rent be paid by the nonprofit corporation in accordance with standard Board policies.

4. That the Board's interests be protected by insurance, bonds, hold harmless provisions, or other means satisfactory to the Office of Administration and the Attorney General.

5. That the terms and conditions of the lease to the nonprofit corporation and to the developers and ultimate lessees be consistent with all city, county, and state requirements concerning building and zoning codes, the Willamette Greenway, land use plans, etc.

6. That the lease provide for appropriate ratios of building space to land and that the quality of the environment be protected or enhanced by appropriate landscaping.

7. That the University of Oregon and/or the Board be the sole beneficiary of the assets of the nonprofit corporation on its dissolution for the benefit of the University of Oregon.

8. That title to improvements placed on the leased land will vest in the Board at the termination of the lease or any renewals thereof.

9. That the facilities developed be limited to research and other activities related to the research and academic interests of the institution or the State System, and such ancillary and service facilities as may be appropriate.

10. That any income to the corporation in excess of that required to be paid for rent or rededication of properties, or for the reasonable operating expenses and reserves of the corporation, be transferred to the University of Oregon for its use in accordance with applicable Board policies.

The Vice Chancellor for Administration is further authorized to include in the lease other terms or conditions which he deems necessary or advantageous to furthering the interests of the Board.
I. RATIONALE FOR THE DEVELOPMENT OF THE UNIVERSITY OF OREGON RIVERFRONT TECHNOLOGY PARK

Impetus for the Riverfront Park came from several sources:

In 1967, the architectural firm of Lutes and Amundson completed a study for the University of Oregon of the land north of Franklin Boulevard. That analysis recommended intensive use of State-owned property within the Riverfront Park Study area.

Eugene's 1983 Six-Point Economic Diversification Program contains a series of activities to be pursued during FY 1983-84 which will enhance the community's economic development efforts. Identification of land which might be used for economic development purposes is one activity to be implemented during future years.

In 1984, the University of Oregon identified a portion of its unused, north campus land as a potential site for a private/public development, emphasizing corporate research facilities which might be complemented by University programs.

The Riverfront Project provides an unusual opportunity to develop an area which would support the research of the University of Oregon and enable the University, in partnership with the City, to contribute to the economic recovery of the metro-area and its centers. A significant factor in attracting and forming new industries is the potential for the exchange of ideas and techniques between University of Oregon research and these industries which produce and market related technologies. The partnership between University scientists and industrial engineers tends to engender the development of new industries. These research related industries comprise the fastest growing segment of American industry, creating a significant majority of the new jobs.

The University has established a national research reputation. While the University excels in both basic and applied research, several areas bearing special importance to the Park might include: physics, chemistry, chemical physics; biomedical/sports medicine; computer software, artificial intelligence; and, neuroscience/brain chemistry research. The University sees the development of the Park as not only an opportunity for lively interaction between University scientists and students, industrial companies and engineers but also as a way of enhancing long-term academic and research commitments to the University.

The interaction between research and corporate production requires support in several ways in order to utilize the benefits of the research function of the University. These should be:

1. Various and flexible industrial spaces at reasonable cost.
2. A high quality interior and exterior working environment.
3. Accessibility to the restaurants, entertainment, and cultural activities of the city center.
4. An institute to provide seminars and conferences on related subjects.
5. Proximity to the University's educational and cultural activities.
6. Accessible transportation for employees and goods.
7. A library for high-tech journals.
8. Proximity to the University's specialized faculty and research equipment.

It is apparent that the riverfront context with its natural beauty adjacent to the downtown and the University, makes a site of exceptional potential and provides the required amenities. The development of this important new area would be part of the center of Eugene and would be developed in such a way as to use the typical forms of the three adjacent areas (the University, the city, the river's edge) to develop its own character. The predominant ordering structure is that of an urban area - an extension of the city coming together with the axis formed by a variety of University buildings, meeting with the edge of the natural landscape along the river.

The creation of an urban riverside technology area has a number of advantages over the conventional suburban industrial park. Such an urban area provides accessibility to the diversity of the city center and the University, and is adjacent to the recreational opportunities of the river and Alton-Baker Park. This urban technology park will contain many of the advantages of the city center, such as an intensity of public life and a diversity of activities. Such a park is envisioned to be multi-use and would include offices, shops, and restaurants to serve the corporate entities - the typical forms and elements of the city. This particular site is well located, adjoining the University and within easy walking distance of downtown Eugene. Employees in such a park would thus have easy access to public transportation and the variety of municipal services largely unavailable without great cost to more suburban locations.

While the primary use of the area is to be for research-related industry and to provide corporate space at a reasonable price, the University recognizes the need to maintain the quality of the environment by the choice and continuity of forms and materials, and by the combined development of the urban, University, and natural landscape.

The University of Oregon believes it has an opportunity to create a vehicle for major regional economic development and at the same time enhance the beauty of the community and campus environs while creating the potential for increased interaction between the academic and corporate sector. It may be best characterized as a "win-win" opportunity for all parties involved. The unique characteristics of Eugene and the University of Oregon present strong incentives to outside companies for relocation: low cost housing; skilled labor force; high quality of life; excellent education system; enthusiastic business and civic community; and, above average employee retention history.

In summary, the Eugene metropolitan community has lost over 5,000 jobs in the last few years. Without active and aggressive economic development and diversification, it is anticipated that the City could continue to lose both population and employment. The City has joined with Lane County to attract new companies to the area and has established a very sophisticated and coordinated development effort. The location of the park can afford an excellent opportunity to extend development from downtown with a mixture of light industrial and commercial uses. In addition, the Park can become a nucleus for the technology companies (computer software, laser companies, etc.) who are increasingly finding Lane County an attractive area.
II. RATIONALE FOR THE NON-PROFIT CORPORATION

Presentations at West-coast property development conferences and recent informal discussions with developers suggest that developers have a very strong preference for dealing with autonomous entities who hold the fee simple to the parcel of land. This preference, although certainly not justified in every case, is based on the developers' need for certainty and efficiency.

Clean, unconditional, insurable title in the entity with whom they deal is seen to greatly reduce the risks of rent disputes at renewal time, the possibility of reverter to remote landowners, and inconsistencies or incompatibilities between various layers of property interest holders. These legitimate concerns for certainty can be ameliorated to some extent by long-term leases with no or minimal forfeiture and reversion possibilities, efficacious and unconditional options to renew, full disclosure of background leases, compatibility/integration clauses, and careful drafting and negotiation throughout.

The efficiency interest centers on the felt need to work quickly and decisively and the perception that universities and higher education systems do not meet that criterion. To the extent a non-profit corporation is utilized, many of these concerns will be allayed and the development opportunities are seen as more flexible and dynamic.

It may also be the case that the non-profit corporation could employ more specialized personnel than are presently available inside our various government agencies. This would be particularly so if multiple developers were involved and if a portion of the promotional responsibility were left with the lessor rather than with the developer. However the simpler the structure and the less the non-profit corporation is involved in ancillary activities, the better the chances of its obtaining and retaining tax-free status.

It is believed that a non-profit corporation will also have more opportunities to achieve construction cost economies during the pre-leasing infrastructure-emplacement phase.

Finally, we have discussed this project with the University of Oregon Foundation, and they prefer not to become involved in an endeavor of this magnitude. Rather, the Foundation, given its limited resources, prefers to confine itself to more traditional modes of fund raising and asset management.

III. LEASE TERMS

State statutes will support a lease for a period not to exceed ninety-nine years (ORS 271.310). Without more detailed negotiations with potential developers, it is uncertain what maximum periods they would need for a sublease. In any case, it
would seem wise that a lease to the non-profit corporation (tentatively named Riverfront Technology Park Inc. and hereinafter referred to as RTPI) be for seventy-five years renewable at the option of RTPI for additional twelve-year increments up to an overall total of ninety-nine years.

Although the University of Oregon would prefer a fee simple conveyance or a lease with a completely nominal basic annual rent, there are other possibilities. Basic rent might be defined for the initial years at a figure not in excess of $5000, plus reimbursement of property taxes and other governmental assessments and Bancroft bond principal and interest payments. Such a base rate should be integrated with the following features:

1. Basic annual rent would be deferred until such time as the annual income stream from sublease rents equals or exceeds the basic rental.

2. Interest would be paid annually on the deferred basic rental, if any. Said interest would be simple interest payable on the last day of the fiscal year (June 30) at a rate, for example, equivalent to the one-year federal treasury note rate for notes issued closest to July 1 of the preceding calendar year. That is, the interest would "look back" to the opportunity costs a year earlier.

3. Current basic annual rent would be paid first and if the annual income stream were greater than that amount, deferred annual basic rental would be paid off.

4. If the sublease were to provide for some lump-sum cash-out or profit participation, the cash so received would be used to pay off arrearages in annual basic rental and to make a lump-sum payment of the present worth of future years' basic rental through the fiftieth year. Thereafter, if and when the renewal option were exercised, an additional lump-sum would be made for the present worth of the future basic rental through the extension period.

5. Every five years the basic rental rate could be adjusted in the same percentage as the basis rental in the master sublease was adjusted.

6. Property taxes and other governmental assessments would reimbursed annually within sixty days of expenditure by the state.

It might be possible to include a provision that the leasehold interest reverts to the state (subject to any subleases then in force) if RTPI fails to obtain or retain its tax-free status under federal law.
The lease could provide that the state has no responsibility to maintain streets or utility lines or to remove nuisances vis-a-vis the lessee and that RTPI would indemnify the state for any such costs it incurred or was held liable to pay. The lessor should grant RTPI, EWEB, the City of Eugene, or sublessees underground and surface access easements where necessary and appropriate to economically develop the property. Compensation for the easements should be on an out-of-pocket cost basis (e.g., survey expense). Said easements could provide that the easement holder would indemnify the state for any costs or liabilities incurred by reason of utilizing said easements.

RTPI would have no responsibility to remove fixtures or improvements at the end of the lease period although title to such unremoved items would revert to the state (and subleases would so provide). RTPI would also obligate itself to take steps to insure that no mechanics' liens or materialsuppliers' liens would attach to the underlying property.

IV. MODE OF DEVELOPMENT

A. The first step would be to form the non-profit corporation and to have it obtain tax-free status.

B. A development agreement or agreements could be reached with a master developer or with several developers or with developers and potential building owners-users. The first scenario would be the easiest to market and administer and would be the cleanest tax-wise. The development agreement would obviously be conditional on finalization of appropriate zoning and Metro Plan amendments to guarantee initial phase development and hopefully to offer sufficient confidence in a complete build-out under economically acceptable land-use restraints.

C. Zoning approval, development permits, Willamette Greenway approval, Metro Plan amendment, and satisfactory configuration of the refinement study would all be necessary before further development could ensue.

D. The infrastructure would have to be designed, financed, contracted for, and emplaced. This would include streets, sidewalks, utilities, common-area landscaping (perimeter and median strips, parks and recreational areas, and plazas), the relocation of bike paths, street lighting, railroad grade crossings (and possibly underpasses), and outdoor parking areas. It is anticipated that all, or virtually all, of the infrastructure items could be financed through Bancroft bonding. Since the infrastructure development could be achieved on a modularized basis, these construction costs could be phased along with the developer's construction program for improvements.

E. RTPI would then convey (sub)leasehold interests to the master developer. This lease would have the following features (among many others).
1. Basic annual rental in at least the amount of the basic rental under any lease from the state, plus an amount calculated to completely cover property taxes, other governmental assessments, and other defined costs. A "hell-or-high-water" clause would be used to insure that these minimum payments were made, whether or not the developer had constructed improvements and/or entered into subleases and/or received revenues. Escalator clauses would provide for periodic rent adjustments. Such a lease might also include provisions for profit participation to share in the developer's net profits.

2. There would be both categoric and functional constraints on the use of the property. Categoric restraints would specify the type of activities that could be undertaken in the improvements to be built on the property or on the land itself (e.g., no heavy industry, no warehousing, no bulk storage of flammables, etc.). Functional or performance constraints would range from noise levels, height limitations, and architectural facades to environmental emissions and limits on vehicular traffic.

3. There would be stringent controls on the storage and disposition of industrial and toxic wastes.

4. There would be controls and constraints regarding the assignability of the sublease and there would possibly be buy-back options so that, under specified circumstances, RTPI could buy back the unused years of the leasehold.

5. There would be provisions allocating responsibility for removing improvements and fixtures built on the property.

6. Clauses would specify the kinds and amounts of insurance to be carried by the lessee and the lessee's obligation in terms of rebuilding or restoration in the case of partial or total destruction of the improvements.

7. There would be a comprehensive provision protecting RTPI (and thus the state) from liens against the underlying ground.

8. There would be extensive indemnification provisions for liabilities arising out of the activity of the developer or the developer's sublessees.

9. There would be a comprehensive detailing of the events of default and remedies available to the lessor.

It is envisioned that the master developer would erect
buildings (consistent with architectural constraints in its lease from RTPI). These buildings could, in turn, be leased to multiple tenants or single tenants whose occupancy and utilization would be consistent with the constraints in the lease from RTPI and thus appropriate to the overall concept of the Technology Park. It is also conceivable that the developer could have a sub-groundlease to a lessee which wanted to build its own building (solely or primarily for its own occupancy). Of course such a subground lease would have to incorporate all of RTPI's constraints. It is assumed that building occupants would include research laboratories, software companies, "think tanks", data processing companies, and certain light manufacturing operations. In the fully-developed configuration there might also be tenants who would provide core services, such as technical libraries, data processing centers, duplicating facilities, video conferencing facilities, and special telecommunication links. It is also probable that tenants would operate employe-service units such as restaurants, barber shops, beauty salons, drug stores, florists, and fitness centers.

V. LAND REDEDICATION REQUIREMENTS

Development of the proposed Riverfront Research Park on lands in the North Campus area will require rededication of about 49 acres from auxiliary enterprise purposes to general institutional use. To effect this transfer, various auxiliary enterprise funds will need to be reimbursed as provided by Section 8.05 for the Board's Financial Administration Standard Operating Manual (FASOM).

At the present time, we do not know with any degree of certainty the location or size of the initial stage of development. It also is not clear how quickly the complex will be developed to full capacity. However, it does seem reasonable to expect that development of the property will occur incrementally over several years. To the extent that we can influence the sequence and staging of development, we would encourage it to take place in an orderly progression from one end to another, or in some similarly logical sequence. Under these circumstances, we propose to submit formal requests for rededication of lands and to make payments to the appropriate fund accounts at such times and in such quantities as are needed to accommodate the stage of development for which a specific proposal has been formulated.

At this time, we are seeking an endorsement of the general concept and of the plan for future rededication so that we might more confidently proceed with the planning of this project.
Discussion and Recommendation by the Committee

The specific provisions with respect to the proposed Riverfront Project were presented by Mr. Lemman and Dr. Richard Hersh, Vice President for Research at the University of Oregon.

Mr. Hensley inquired whether the construction would be phased, and Dr. Hersh indicated this could not be determined as yet.

In response to a question concerning any financial obligation of the state, Dr. Hersh said the University of Oregon had neither the capability nor the desire to put state or university money into the project because funds were not available. The university would make the land available for the project, and this apparently is sufficient to be attractive to the developers. In addition, the expertise of the university as an adjacent institution is important.

Mr. Hensley inquired whether there would be subsequent Board review of the buildings and development as plans are completed. It was stated this would not be the case and that this was one of the reasons for placing the restrictions into the sublease of the land to the nonprofit corporation.

President Olum said the project should be of benefit to the entire state. The best opportunity for the University of Oregon to get the kind of buildings and tenants who will be of the greatest benefit to the institution and the state is through its control of the ground lease that is first written with the nonprofit corporation. The objectives of the university are to help the economic development of the state, to have tenants who are related to the university so that there will be mutual benefits, and ultimately to receive some financial benefit. The latter is a much lower priority.

Mr. Chao commended the university for its efforts to improve the distribution of expertise in the academic area to this part of the state. He said there should be adequate safeguards on an on-going basis against liability for both the university and the Board. He said the liability issues might be more important than the money if things were done improperly. He concurred with President Olum that an intelligent establishment of the conditions in advance would be the only control on the development of the project and said these conditions should be prepared carefully.

There was a brief discussion of the possible effects of changes in city regulations or in the attitudes of different administrations toward the project. The legal agreements will be designed to minimize these possibilities.

Mr. Hensley suggested this project might be of benefit to other State System institutions and asked if there had been any thought given to the possibility of its being available to them. It was stated all property was held in the name of the State of Oregon Acting By and Through the State Board of Higher Education for the benefit of an institution. In addition, President Olum said there would be no objections on the part of the university if other institutions wished to be involved.

Dr. Hersh said the university had sufficient land for any predicted expansion in the next 20 years.

The Committee recommended that the Board approve the staff recommendation as presented, including the lease terms stated in Provisions 1-10.

Board Discussion and Action

Mr. Hensley presented the Committee recommendation and requested Mr. Lemman to review the lease conditions for the benefit of the Board.

In commenting on the Riverfront Project, Mr. Lemman indicated a letter of opinion had been received from the Attorney General stating that the Board had authority to enter into the proposed arrangement. There were some caveats which will be incorporated in the lease conditions. He noted that rental payments might be deferred in order to attract appropriate development and the liability provisions will be of particular concern in preparing the lease conditions.
Mr. Alltucker said he had two concerns with the provisions. Provision 7 stated that the University of Oregon and/or the Board would be the sole beneficiary of the assets of the nonprofit corporation on its dissolution. He said this should be clarified now. The second concern related to Provisions 9 and 10 in that they referred specifically to the University of Oregon while the proposal really is for the creation of a vehicle for a major regional economic development. He said he envisioned the project as a regional research facility.

It was agreed that Provision 9 could be modified to change "University of Oregon" to "Institutions of the State System."

In discussing the modification to Provision 7, Mr. Harms commented that the land would belong to the Board because all the land in the State System belongs to the System as a whole. He said he was not too disturbed by the "and/or" in Provision 7 with respect to the assets other than the land because there will be some express written agreements. The provision is presently stating broad general policy. In some cases it might be the Board and in others it might be the university that would benefit from the assets.

Mr. Alltucker said his question was who would make that decision. Mr. Lemman said it would be the nonprofit corporation because it will be required that the articles of incorporation designate the university or the Board as appropriate for any or all of their assets.

President Olum restated the purposes of the university as presented to the Finance Committee and indicated that he saw no difficulty with the involvement of other institutions in the project.

The Board concurred in the modification of the language of Provision 7 to read: "That the Board be the sole beneficiary of the assets of the nonprofit corporation on its dissolution for the benefit of the University of Oregon."

The Board approved the Committee recommendation to authorize the Vice Chancellor for Administration to enter into a lease on the referenced property to the nonprofit corporation with the conditions listed in Provisions 1-10, and incorporating the modifications to Provision 7 and 9 as stated in the Board discussion. The following voted in favor: Directors Alltucker, Batiste, Chao, Clark, Flanagan, Harms, Hensley, Nelson, and Walling. Those voting no: None.

Schematic Design Approval, Out-patient Clinic Medical Records Department Renovation, OHSU

Staff Report to the Board

The Medical Records Department is responsible for the collection, completeness, assembly, availability, technical and statistical analysis, and safekeeping of patients' medical records in order to facilitate the evaluation and improvement of patient care and to serve for educational, research, planning, and legal purposes. A medical record consists of personal patient data and documentation of the care and treatment given to the patient including lab tests, x-ray reports, etc. To facilitate the evaluation of patient care for future hospital planning and research and to provide quick access and retrieval of the medical record, it was recognized that the Department would need to reorganize assigned spaces to improve efficiency, flexibility and the use of modern technology.

It was reported to the Board on October 26, 1984, that arrangements were made with Fletcher Finch Farr Ayotte, Portland, for professional service related to renovation of the Medical Records Department. It was noted that the work would be undertaken as part of the Board's capital construction program approved by the 1981 Legislature for various Hospital and Clinics Rehabilitation and Alterations projects to be financed from Article XI-F(1) bond proceeds. Debt service would be provided from patient fee revenues.
Institutional officials have requested approval of the schematic design phase of planning for the medical records renovation so that the architect can be authorized to proceed with later phases of planning as quickly as possible. The proposed renovations may be described briefly as providing (a) a pleasant, efficient work environment for all employees with special consideration given to ergonomic work stations, ambient lighting and improved ventilation in an open plan design which allows for greater future flexibility; (b) consolidation of major sections of the department to the first floor; and (c) for the establishment of microfilm program for medical files. The project includes 5,497 gross square feet; 1,440 square feet in the basement level and 4,057 square feet in the first floor level.

Based upon the schematic design, the architects estimate that direct construction costs will be approximately $190,000. The total project budget is estimated to be $250,000, including the direct construction costs, related professional service fees, supervision, works of art, miscellaneous expenses and a contingency reserve.

RECAPITULATION UPON COMPLETION OF SCHEMATIC DESIGN PHASE OF PLANNING

Project - OHSU Hospital and Clinic Rehabilitation and Alterations Projects (Outpatient Clinic Medical Records Department Renovation)

Architect - Fletcher Finch Farr Ayotte, Portland

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

Legislative authorization - Chapter 539, Oregon Laws 1981

Estimated total project costs (this portion only) $250,000

Estimated total direct construction costs (this portion only) $190,000

Estimated area to be remodeled - 5,497 gross square feet

Tentative schedule:
  Bidding - July 1985
  Completion - December 1985

Tentative financing plan:
  Article XI-F(1) bond borrowings $250,000

Staff Recommendation to the Board

It was recommended that the appropriate Board officials be authorized to acknowledge the acceptance of the schematic design phase of planning for the proposed Outpatient Clinic Medical Records Department Renovation and instruct the architect to proceed with the design development phase of planning based upon a direct construction cost allowance of approximately $190,000.

Board Discussion and Action

In response to a question, President Laster said the records would be placed on microfilm rather than directly into the computers because the latter would represent a massive change with attendant requirements in other parts of the system. The institution is not ready, nor is the money available, to move directly to computerization.

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Alltucker, Batiste, Chao, Clark, Planagan, Harms, Hensley, Nelson, and Walling. Those voting no: None.
Mrs. Flanagan reported that earlier the Committee on Instruction, Research, and Public Service Programs had been joined by the Committee on Finance, Administration, and Physical Plant to hear a presentation on telecommunications and the use of technology for the delivery of instruction. The presentation was made by Dr. Holly Zanville, Assistant Vice Chancellor for Academic Affairs; Dr. Jon Root, Director of the Communications Media Center at Oregon State University; and Dr. Clifford Smith, Director of CASEERI.

Dr. Zanville said telecommunications is the broad term describing various technologies used to communicate information. It includes both the so-called mature technologies and also newer modes of communication. As these technologies have been developed, they have become more affordable. Their applications for instruction have become more widely tested, and they have been proven effective for meeting the instructional needs of the college clientele. Changes in the clientele of colleges and universities have led to greater acceptance of these new developments in the delivery of instruction.

Dr. Zanville described how telecommunications were being used for instruction and the extent to which they were being used. A 1984 survey of colleges and universities found that 76% were using electronic media to deliver continuing education. The fields in continuing education using telecommunications most frequently nationwide are engineering and high technology, medical, allied health, real estate, business education, and the legal professions. These are professions characterized by individuals who take courses on a credit or noncredit basis to maintain their professional competencies.

In Oregon, there is a utilization, an interest in, and an awareness of the value of telecommunications for instruction at several levels. Interest has been expressed in the development of an Oregon telecommunications system.

Dr. Root described telecommunications developments at institutions in Washington and California. Washington State University has been actively involved in distance education through telecommunications for about five years by means of a two-way, interactive microwave system between Washington State University and the University of Idaho. This system permits both the instructor and the students to see and respond to each other and is very similar to a normal classroom situation. Subsequent microwave installations have expanded opportunities throughout the state, including transmission to Vancouver. The 1985 Washington Legislature is being asked for funds to construct an additional line linking Vancouver, Seattle, and Evergreen State.

Chico State in California uses a one-way video system with live transmission of courses and with student interaction through commercial telephone lines and direct radio communication. There is also a satellite uplink system which reaches 40% of the earth's surface. These new developments offer opportunities for many to receive college and university courses who have not had that opportunity previously. Campus boundaries are changed dramatically, and many new issues are raised which should be considered and dealt with in Oregon, Dr. Root said. For example, does Oregon wish to receive coursework or other instructional materials from other states? Does it wish to compete with them by transmitting such materials to other states? The issue of providing courses to industry is becoming more competitive. There is also an opportunity for cooperation with colleges and universities which has never been present before.

Dr. Smith then discussed the applications of telecommunications to meet some of the needs of industry for continuing education. Proposals were made for funding which would make faculty instruction available through telecommunications in a cooperative effort involving several institutions. The applications for funding were unsuccessful, but the results of the investigation would indicate that adequate telecommunications were extremely important to Oregon. New planning grant proposals are being prepared to seek funds from other sources. However, Dr. Smith said that if telecommunications were truly important to the economy of Oregon, the Legislature should consider funding the endeavor.
The Committee also considered program proposals which appear separately in these minutes.

Staff Report to the Committee

Oregon Institute of Technology is requesting authorization to offer a new instructional program in software engineering technology. The program would be offered on the 2 + 2 model characteristic of Oregon Institute of Technology, the first two years leading to the associate degree and entry level employment followed by an upper-division program leading to the bachelor of science degree.

Specifically, Oregon Institute of Technology is requesting authorization to offer:

Associate of Engineering in Software Engineering Technology, effective fall term 1985-86.

Bachelor of Science in Software Engineering Technology (upper-division program), effective fall term 1987-88.

The Oregon Institute of Technology presentation of this proposal is found on pp. 15-38 of the full docket for the meeting of the Instruction Committee on March 15, 1985. A copy is on file in the Board's Office.

The software engineering technology curriculum would be offered as an additional career path within the computer systems engineering technology department. The present program in computer systems engineering technology is hardware oriented. The new program would emphasize the application of engineering principles and computer science theory in creation of software. The program would be more applications oriented and specialized than are the usual programs in computer science, in order to prepare graduates who would be productive with minimal additional training.

Oregon Institute of Technology's survey of potential employers and its industrial advisory committees lead it to believe graduates of the program at both the associate and bachelor's degree levels would find ready placement at excellent salaries.

Oregon Institute of Technology would like to increase enrollment of women in technical programs and believes women students would find this program attractive.

Enrollment in the program is expected to be substantial, as shown on p. 20 of the Oregon Institute of Technology presentation, beginning with 40 freshman the first year of the program, a number which is expected to double by the fifth year of program operation. Most of the students would be new to Oregon Institute of Technology, although some transfer from computer systems engineering technology would occur when the program was first implemented.

The program would be a demanding one, with admission restricted to students prepared to enroll in calculus and analytic geometry their first year of study. An initial enrollment limitation of 40 entering students would be imposed based on facilities and staffing considerations. As staff were added, enrollment would be increased. If more qualified students sought admission than could be enrolled, admission would be competitive, based on prior success in mathematics and computer science courses taken in high school and prior college experience.

No new staff would be required to offer the first year of the new program. However, as the program moved into succeeding years, three additional staff would be required, as indicated in the tables of estimated costs for the program shown on pp. 28-29 and summarized below. In addition, Oregon Institute of Technology would need to acquire $57,500 in new equipment for a ten-work-station microcomputer library by the third year of the program. The laboratory itself would be housed in the new classroom-
laboratory building, tentatively scheduled for completion fall 1987. This $6,000,000 building is a part of the Governor's capital construction program to be financed one-half with lottery receipts for economic development, one-half with Article XI-G bond proceeds. If this building is not funded, space would have to be assigned elsewhere by extending current day schedules into the evening hours.

**ESTIMATED COSTS OF PROPOSED PROGRAM**

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<th>First Year</th>
<th>Second Year</th>
<th>Third Year</th>
<th>Fourth Year</th>
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<tr>
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<td>$89,130</td>
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The program being proposed has been given top priority by President Larry Blake and by the academic deans and division chairmen at Oregon Institute of Technology. Since the fall of 1981, three additional staff members have been added to the computer systems engineering technology faculty, and Oregon Institute of Technology has made considerable progress on improving its computer resources.

Oregon Institute of Technology purposes inauguration of the new program, phased in over a four-year period, as a continuation of the planned program of allocation and reallocation of resources at Oregon Institute of Technology to development of programs to meet Oregon's emerging industrial needs.

**Staff Recommendation to the Committee**

It was recommended that Oregon Institute of Technology be authorized to offer a program of instruction leading to the AE and BS in software engineering technology, phased in over a four-year period, beginning fall term 1985-86.

**Discussion and Recommendation of the Committee**

President Blake said this program was one that had been requested specifically by the Portland microelectronics industry.

Miss Walling inquired whether the courses in industrial psychology, general psychology, humanities, and social science were proving successful in bridging the gap for working with people so that persons who spend several years in college working with computer terminals will be able to work successfully with people when they enter the work force. She indicated she understood this had been a problem in some instances with people trained as computer programmers.

Mr. James McAttee, Department Head of Computer Systems Engineering at Oregon Institute of Technology, said this concern was one of the reasons for the emphasis on oral and written communication. The positions these graduates obtain require communication about the computer system and receiving specifications and other information from persons who are not computer oriented. President Blake stated that students from the present program move into management positions more quickly than most students and these positions require the kinds of personalities and social skills referred to by Miss Walling.
The Committee recommended that the Board approve the staff recommendation as presented.

Board Discussion and Action

Mrs. Flanagan presented the Committee report and indicated the program was expected to be of interest to women.

In response to questions, President Blake stated that the program would be more attractive to women than other technologies and that it would be possible for women to work at home in this field. Job opportunities are excellent for people with this type of training.

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

Staff Report to the Committee

The Oregon Institute of Technology presentation of this proposal is found on pp. 39-45 of the full docket for the meeting of the Instruction Committee on March 15, 1985. A copy is on file in the Board’s Office.

Objective of the proposed program is to prepare students for employment in the expanding field of laser technology. Oregon Institute of Technology is presently offering all but two of the specialized courses required for the proposed AAS degree as an 18-hour option in laser electro-optics technology (LEOT) in the BS program in electronics engineering technology (EET). Since courses in lasers and optics for the LEOT option are presently taught by faculty in the mathematics-physics department, the new major program would be administered by this department. However, close cooperation between the mathematics-physics and electronics engineering technology departments would necessarily continue since the new program would require substantial course work in electronics engineering technology. A comparison of curricula for the two programs shows that students enrolled in the laser electro-optical technology program would complete all of EET courses required in the associate degree program in electronics engineering technology by the end of their junior year.

It is the combined course work of the two departments that makes it possible for Oregon Institute of Technology to implement the new associate degree major fall term 1985-86, and the baccalaureate program one year later. Oregon Institute of Technology expects to admit 24 students each year to the associate degree program, 18 students to the BS degree program. Most of the students for the first classes are already at Oregon Institute of Technology, enrolled in the LEOT option in electronics engineering technology. Oregon Institute of Technology estimates that 16 of the fall 1985-86 class would be transfers from EET-LEOT program, 8 would be new to Oregon Institute of Technology.

Enrollment limitations would be imposed if the number of students desiring to enter the program exceeds laboratory space available. Oregon Institute of Technology has a well-designed optics laboratory which is adequate for the proposed program, although some additional equipment would be needed for the BS program. The laser laboratory is small and crowded and should be replaced when additional space is available. (The additional laboratory space needed has been included in the planning phase of the new OIT laboratory-classroom building.)

Current library holdings and allocations are considered adequate for the program.

Total costs of offering the proposed program are shown on p. 46 and summarized on the next page. Costs over the current budget result from requirements for additional equipment for the bachelor of science degree program, to be acquired over a four-year period, and the employment of 1.00 FTE faculty and a .50 FTE support technician the third and fourth years of the program operation.
SUMMARY OF ESTIMATED COSTS FOR THE PROPOSED PROGRAM

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Oregon Institute of Technology states that the phased implementation of the proposed major programs in laser electro-optical technology as shown in the above schedule can be accomplished within Oregon Institute of Technology's instructional and general budget. Surveys of the companies with whom Oregon Institute of Technology works indicate that graduates of the programs would find ready placement in one of the fastest growing industries in Oregon and the country, at starting salaries for associate degree graduates ranging from $17,000 to $24,000 a year.

Staff Recommendation to the Committee

It was recommended that the Board authorize Oregon Institute of Technology to offer programs of study leading to the AAS and BS degrees in laser electro-optical technology, with the AAS degree program to be implemented fall term, 1985-86, and the BS program, fall term 1986-87.

Discussion and Recommendation by the Committee

President Blake emphasized that Oregon Institute of Technology was a single purpose institution and not a comprehensive college or university. Its mission is practical job-oriented applications training as compared to theoretical engineering science. The programs are monitored very carefully so that they stay within this mission. Programs are initiated on the advice of industry, and the programs recommended for consideration originated through the state advisory council. Dr. Blake commented that Oregon Institute of Technology had eliminated eight programs and added one program during the last fifteen years.

Mr. Batiste said he was very pleased with the program and the process in which two departments were involved in the development of the program. He also noted that the request specified very clearly that no special legislative appropriation would be required for this program.

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

Board Discussion and Action

Mrs. Nelson presented the Committee report and recommendation, commenting that there was a great demand for graduates with a concentration of work in laser electro-optics.

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Alltucker, Batiste, Chao, Clark, Flanagan, Harms, Hensley, Nelson, and Walling. Those voting no: None.
Staff Report to the Committee

Portland State University is requesting authorization to offer a new instructional program leading to the BA/BS degree in international business, contingent upon funding by the 1985 Legislature. If the funds are provided as proposed in the Governor's budget, the program would begin the second year of the biennium, 1986-87.

Portland State University's presentation of the program is found on pp. 1-14 of the full docket for the meeting of the Instructional Committee on March 15, 1985. A copy is on file in the Board's Office.

International business is not a new field to Portland State University. The school of business has offered its major students opportunity to complete an undergraduate certificate program in international business since 1967. The certificate program requires completion of a BA/BS degree in business administration, two years of a foreign language, international economics, and 26 credit hours of business electives in international business.

The development of the program as a free-standing business major permits a significantly stronger program, primarily through additional requirements in international economics, a required 18 hours in area studies in addition to two years of a foreign language, and additional course work in international business, all of which will be required.

New courses required for implementation of the program are:

- Acct 390 International Financial Accounting
- Acct 391 International Managerial Accounting
- Mgmt 407 International Business Policy
- Mgmt 407 International Trade Policy and Practices
- Mgmt 407 Foreign Manufacturing Operations
- FinL 407 Legal Environment of International Business
- Practicum in International Business (offered under the 409 Practicum number of participating departments)

Courses developed under the 407 number will be given permanent course numbers once the program is underway.

The program was developed by Dr. James Manning, long-time director of the certificate program in international business and new director of the Institute of International Trade and Commerce located at Portland State University, and Dr. John Oh, head of the department of finance and law.

The program, when implemented, would be the first undergraduate program in international business in the nation. Specialization in international business is usually offered as an option in the undergraduate major in business administration or, more typically, as a master's degree program. However, the American Assembly of Collegiate Schools of Business, the national accrediting agency, is encouraging its members to expand offerings in international business and it is expected that new program would meet AACSB requirements.

Portland State's present programs in business administration are fully accredited.

Admission to the program would be at the junior level. Students would meet admission requirements to the school of business administration (a minimum of 75 college credits with at least a 2.50 gpa). If, as is expected, enrollment demand exceeded the number who could be admitted, the admissions committee would admit students on a competitive basis. A number of students now enrolled in the certificate program would transfer to the new major, giving Portland State University an enrollment of 125 juniors and seniors the first year the program was offered. Forty students would graduate the second year. By the third year the program would be in full operation with 150 students.
In order to implement the program, Portland State would need to increase its annual budget for instruction in international business by $250,353, as summarized below. This includes the addition of 3.33 faculty, support personnel, library, services and supplies, and equipment. This money would have to come from new funds. Portland State is already hardpressed to reallocate resources to other high priority areas, namely electrical engineering, computer science, and international studies, and cannot also redirect resources in the amount needed to offer the undergraduate major in international business.

The program would build, however, on the strength already developed in international trade and business and on the new international studies major.

The amount needed to inaugurate the program fall term 1986-87, $250,353, is included in the High Technology and Economic Development package in the Governor's budget. The Governor's budget also includes $314,120 to fund operation of the Institute of International Trade and Commerce for 1985-1987.

SUMMARY OF ANNUAL COSTS FOR PROPOSED BA/BS IN INTERNATIONAL BUSINESS

<table>
<thead>
<tr>
<th>Personnel</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3.33 FTE New Faculty</td>
<td>$142,560</td>
</tr>
<tr>
<td>2.00 FTE Secretarial Personnel</td>
<td>38,012</td>
</tr>
<tr>
<td>1.00 FTE Graduate Assistant</td>
<td>3,781</td>
</tr>
</tbody>
</table>

| Library            | 16,000 |
| Services and Supplies | 42,000 |
| Equipment          | 7,000  |

Total Annual Cost $250,353

Staff Recommendation to the Committee

It was recommended that the Board authorize Portland State University to offer a program of study leading to the BA/BS degree in international business, effective fall term 1986-87, provided funds to support the program are provided by the 1985 Legislature.

Discussion and Recommendation by the Committee

Dr. Dobson said the proposal was for an extension of a very strong certificate program which is presently available. Additional funds will be required to extend it to the baccalaureate level. She introduced Dr. John Oh, Chairman of the Department of Finance Law, who was present to respond to questions concerning the proposed program.

Miss Walling asked for a description of the services and supplies included at $42,000 in the financial statement for the program. Dr. Oh and Dr. Dobson said these costs would be related primarily to student assistance and responding to student questions. It would include particularly telephone costs which would be higher for this program, and perhaps some travel costs.

In response to a question, it was stated the estimate of 125 students was a relatively firm figure because students in the certificate program are expected to continue in the formalized degree program.

In discussing the job market for graduates of this program, it was indicated those who are absorbed immediately into international business usually are employed in small to medium-sized firms, mainly in export-import businesses and their supporting services. Another group will be integrated into larger companies as management trainees, but the international exposure will not
occur for three to five years for these graduates. It was stated also that these students would not lose any of the basic business instruction by specializing because they still would be required to take the basic courses and then the specialization for this program would be added.

Mr. Batiste requested a further explanation of the project implementation date and how the action or lack of action by the Legislature would affect the planned development for this program.

Dr. Dobson said the institution had attempted during the past several years to reallocate internal resources to target its unique disciplines identified in the specific missions of Portland State University. The deans have done an exceptional job in accomplishing far more than was expected under severe financial restraints. She said she was not certain how much could be achieved without additional funding, but certainly not enough to implement the program fully.

Mr. Harms said Board members had some concerns about the implications of the recommendation with respect to the Legislature. He suggested the possibility of approving the program in concept with the request that the program be resubmitted to the Board for formal approval if funds were made available by the Legislature. He asked if this would seriously injure the proposal in terms of planning for the change.

Dr. Dobson said her immediate reaction was that it would. The past practice of the Board has been to authorize programs contingent upon the availability of funds, and the institutions have had the integrity to honor those approvals.

Mr. Batiste said he did not remember that it had been the custom of the Board to approve programs prior to legislative action and he was concerned about establishing that precedent and also about how it would be perceived. In view of the fact the timing is 1986 and the Legislature will be acting within four or five months, Mr. Batiste asked Dr. Dobson to respond further to the issue of a delay with respect to the planned development.

Dr. Dobson requested that Mr. Harms describe the process he was proposing so that she could understand it more fully.

Mr. Harms said his own concept would be that if funds for the project were approved by the Legislature as part of the program improvement project, coming back to the Board for approval would be a formality, and the program could go directly to the Board without being presented again to the Committee. He said the Board did not want the Legislature to view its action as approving new programs prior to receiving funding.

Dr. Dobson said she would not want the faculty to infer by the Board's action that programs of this type were not held in the highest priority.

The Committee recommended that the Board approve in concept the request of Portland State University to offer a program of study leading to the BA/BS in International Business, effective with the fall of 1986-87, and if funds to support the program were provided by the 1985 Legislature, the proposal then should be submitted to the Board for formal approval. It was understood that further Committee consideration would not be required.

Board Discussion and Action

Mr. Harms presented the Committee report and recommendation. He said the approval in concept was a reflection of the concern about the implications of approving new programs in view of comments during the legislative session.

The Board approved the Committee recommendation as stated above, with the following voting in favor: Directors Altucker, Batiste, Chao, Clark, Flanagan, Harms, Hensley, Nelson, and Walling. Those voting no: None.
Amendment of 1985-1987 Capital Construction Program, City of Portland Water Bureau Building, PSU

Staff Report to the Board

At the January 28, 1983, meeting, the Board confirmed the authorization granted by the Board's Executive Committee to utilize the City of Portland former Water Bureau Building, invest the minimal amount required for accommodating the Portland State University programs in electrical engineering and computer sciences and the Board's CASEERI staff, and to amend the operating budget request for 1983-1985 to cover the estimated operating and maintenance costs for the building during that biennium, including possible lease payments for the 18-month period beginning January 1, 1984. On August 31, 1983, the Board's staff executed a lease for use of the building with the City of Portland through June 30, 1985. The lease included an option to purchase the premises for the sum of $3,300,000 before June 30, 1985.

Portland State University officials expected to obtain funds from private sources to purchase the building. To date, these efforts have resulted in the receipt of $825,000.

On January 18, 1985, Chancellor Davis reported that the Emergency Board had approved the transfer of $172,192 from the special emergency fund reserve to cover operating costs for the former Water Bureau Building from February 1 to June 30, 1985. Simultaneously, the Emergency Board instructed the Department of Higher Education that everything possible be done to secure funding to acquire the building prior to July 1, 1985.

Institution officials have requested that the Board's Capital Construction and Land Acquisition Program for 1985-1987 be amended to include provisions for the purchase of the building from the City of Portland. Appropriate to the value of the space allocations, financing would be provided by $1,100,000 from Article XI-F(1) bond proceeds for parking, $1,100,000 from Article XI-G bond proceeds, and $1,100,000 from gifts. This funding plan would require that the institution raise an additional $275,000.

Staff Recommendation to the Board

It was recommended that the Board authorize the staff to amend the Board's Capital Construction and Land Acquisition Program for 1985-1987 to include the purchase of the former Water Bureau Building from the City of Portland, with financing to be provided by $1,100,000 from Article XI-F(1) bond proceeds (parking), $1,100,000 from Article XI-G bond proceeds, and $1,100,000 from gifts.

Discussion and Recommendation by the Committee

Mr. Chao said there were a number of different groups requesting different services in the Portland area. He asked whether the acquisition of the PCAT Building was still one of the highest priorities or should it be deferred until a determination had been made with respect to services in the Portland area by either Portland State University or the State System.

Mr. Lemman said a decision would need to be made soon on either purchasing the building or leasing it at a substantial figure. The grant option expires at the end of 1985. Consequently, it would be necessary for the Portland situation to be clarified during the present legislative session, at least to the extent that the Board was given authority to proceed with the proposed arrangement, even though that authority might not be used.

Mr. Chao said he could certainly support enabling action but he would like a further discussion of the issue by the Chancellor and officials of Portland State University.

Mr. Edginton pointed out that the option to buy the building expires on June 30, 1985, although it might be possible to extend the option. However, the grant amount of $825,000 expires at the end of the year. While an extension of the grant might be requested, there is some question whether
it would be approved because the money has been available for some time. He indicated he considered it essential the enabling authority be approved now.

Mr. Hensley inquired about the ratio of the parking bonding in the event there was a lower appraised value for the building or a lower negotiated purchase price. Mr. Lemman said the parking bonding would continue to be approximately one-third of the cost. It is presently projected that parking bonding, gifts, and General Fund bonding each would be approximately one-third of the cost. A lower purchase price would still have one-third of the cost for parking bonding, with a maximum use of gift funds and a minimum amount of General Fund bonding for the remainder, with bonding never more than half.

The Chancellor said one of the clear objectives of the Board when he arrived was to establish a strong base of engineering in the Portland area at Portland State University and to build up the undergraduate programs and selective graduate programs in the engineering field, particularly electrical engineering. This has been accomplished and was accelerated by the availability of the PCAT Building. The Chancellor said he was disappointed that there had not been a greater response to support the acquisition of the building. He said the acquisition was one of the highest priorities if the Board and the State System were serious about engineering at Portland State University. He said it continued to be his recommendation that the acquisition should be an immediate objective.

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

Board Discussion and Action

Mr. Clark presented the Committee report and recommendation. The recommendation is contingent upon raising $1.1 million in gifts, of which $825,000 is available now.

The Board discussed briefly the financial arrangements reported in the Committee discussion.

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Alltucker, Batiste, Chao, Clark, Flanagan, Harms, Hensley, and Nelson. Those voting no: None. Director Walling was absent from the meeting at this time.

Staff Report to the Board

IMD 2.001(1) provides that the Board shall exercise general oversight of curricula and instruction in the Department of Higher Education, "including but not limited to curricular allocations, and establishment of centers, institutes, and similar agencies."

In implementation of this provision, the Board has adopted guidelines for the presentation of information in respect to new degree and certificate programs and procedures for the establishment of centers, institutes, and similar agencies serving instructional, research, and public service functions.

Question has been raised as to the Board's policy in respect to the establishment of schools and other instructional divisions.

The Chancellor and the presidents have reviewed the matter and it is their recommendation that the problem be addressed by including a specific reference to schools, colleges, departments, and divisions in IMD 2.001(1) and in the procedures adopted by the Board in 1978 in respect to establishment of instructional, research, and public service units.
Draft - Proposed Revision to
OREGON DEPARTMENT OF HIGHER EDUCATION
INTERNAL MANAGEMENT DIRECTIVES

Section 2 - Academic Affairs

State System Curricula

2.001 Board Oversight of Higher Education Curricula and Departments

(1) The Board shall exercise general oversight of curricula and instruction in the Department, including but not limited to curricular allocations, and the establishment of schools, colleges, departments, divisions, centers, institutes, and similar agencies. The Board shall maintain a statement of policies underlying the curricular allocations within the Department. The Board shall act on institutional requests for modifications of existing curricular allocations, including addition, significant modification, renaming and deletion of curricular programs, schools, colleges, centers, institutes, and similar agencies in accordance with Board policies.

(2) The Board's Office shall act on institutional requests for authorization to add, drop, or alter courses in Board-authorized curricular programs. The Board's Office shall submit a report to the Board each year regarding courses added, deleted, or significantly altered with comments on the budgetary implications of these changes on institutions, programs, employees, and students affected by these changes.

(3) The Board's Office shall keep the Board informed of state educational needs and shall encourage vigorous institutional planning to meet these needs.

(4) The Board's Office shall act in other capacities in curriculum and instruction as the Board may determine.

(5) The Board's primary consideration, in meeting curricular responsibilities, shall be to assure that educational opportunities are adequately available to qualified persons without unnecessary duplication of educational resources.

Draft - Proposed Revision to
PROCEDURES FOR ESTABLISHMENT OF SCHOOLS, COLLEGES, DEPARTMENTS, DIVISIONS, CENTERS, INSTITUTES, AND SIMILAR AGENCIES SERVING INSTRUCTIONAL, RESEARCH, AND PUBLIC SERVICE FUNCTIONS

(Adopted by Oregon State Board of Higher Education, Meeting #427, November 25, 1975, pp. 975-976.)

Schools, colleges, departments, divisions, centers, institutes, and similar agencies serving instructional, research, and public service functions may be established or renamed by institutions when prior approval has been secured from the State Board of Higher Education.
In seeking authorization of the Board to establish or rename a specific school, college, department, division, center, institute, or similar agency, the institution shall submit to the Board's Office for review by the Board the following information:

1. Title of the proposed [center/institute or similar agency] instructional, research, or public service unit.

2. Locus within the institution's organizational structure.

3. Objectives, functions (e.g., instruction, research, public service), and activities of the proposed [center/institute] unit.

4. Resources [necessary to the center/institute] needed:
   a. Personnel - FTE academic, FTE classified.
   b. Facilities and equipment.

5. Funding requirements (estimated annual budget), and sources thereof: state sources (institutional funds--state general fund, tuition and fees, indirect cost recoveries), federal funds, other funds as specified.

6. Relationship of the proposed [center/institute or similar agency] unit to the institutional mission.

7. Long-range goals and plans for the [center/institute] unit (including a statement as to anticipated funding sources for any projected growth in funding needs).

Board Discussion and Action

The Chancellor indicated this omission had surfaced during the implementation of some internal changes at Southern Oregon State College. The amendment would clarify the omission in advance of future changes at any of the institutions.

The Board approved the staff recommendation on roll call vote and adopted the amendments as presented. The following voted in favor: Directors Alltucker, Batiste, Chao, Clark, Flanagan, Harms, Hensley, and Nelson. Those voting no: None. Director Walling was absent from the meeting at this time.

**ITEMS FROM BOARD MEMBERS**

Mr. Clark reported he had sent a letter to the student body presidents of the institutions requesting information on what they considered to be issues that should be addressed by the Board. When the information from the replies has been compiled, Mr. Clark said he would present it to the Board.

**Joint Committee on Teacher Education**

Mrs. Flanagan said a one-day conference had been sponsored by the Joint Boards Committee on Teacher Education to provide a forum to explore the topic of teacher testing. This is a matter of national interest and there has been considerable discussion of the appropriate standardized tests to be used. Three experts addressed the meeting on this subject and a legislative panel presented their views on teacher testing and performance evaluation.

The afternoon session was devoted to group discussions which reviewed the questions of testing and policy concerns.

Mrs. Flanagan said testing can only determine whether teachers have adequate knowledge and skills but cannot determine the performance of teachers. The latter must be determined through supervision and evaluation.

The second day was was the first work session for the supervision and evaluation project for beginning teachers.
Mr. Harms said he had noticed that some of the editorial writers in commenting on Judge Frye's decision in the Penk case, appeared to be implying that part of the trouble was the lack of a grievance procedure or a hearings procedure in the State System. He said there are grievance procedures. They were in place and still are, but the procedures were not used. There are also provisions for administrative hearings. Mr. Harms said the Board had a total commitment to the absence of sex discrimination in the State System. However, it is apparent from some of the things that have been said that there is a perception the procedures which are in place will not work or that some discrimination does exist. The Board and its staff must attempt to deal with those perceived difficulties, as well as any real difficulties that may come about.

Mr. Harms said he agreed the case was a tragedy and the Board needs to demonstrate that it is seeking a reconciliation, not vindication, as a result of the court's decision. Mr. Harms said the Board also wants to explore with faculty and staff better procedures and better communications in order to assure them of both the existence and integrity of grievance and hearing procedures for dealing with problems of this nature.

Mr. Post reported that the tour of leading people in the State of Oregon to all of the State System campuses, as proposed by Governor Atiyeh, would occur in late April. The tour will coincide approximately with the beginning of the work sessions in Ways and Means on the State System budgets and will precede the final economic projection for the State of Oregon prior to consideration of the budgets. Board participation during the visits to the campuses would be very helpful.

Mr. Batiste announced that the next regular meeting would be held on the campus of Western Oregon State College on April 19, 1985. A visit to the campus will occur on the preceding day.

On May 25, 1979, the Board approved the sale of a lot and residence in Seattle, Washington, which was donated to the Oregon Health Sciences University as part of the Richard P. Knowlton estate. The minimum bid price approved by the Board was $135,000. If sold on contract, the minimum acceptable terms were 20% down with the balance payable in equal installments over a period not to exceed ten years.

On July 3, 1979, the Board staff accepted the highest bid (actually the only bid received) of $152,100 from S. R. and Sallie M. Thiessen of Seattle. A land sale contract was executed on July 13, 1979. The terms were equal monthly payments of $1,676.14, including principal and 11% interest, for ten years.

Because the purchasers were unable to make the monthly payments, they requested on October 31, 1979, that the contract be extended temporarily by means of a twenty-five-year amortization schedule. After first consulting with Edward Branchfield, then Assistant Attorney General, the Board's staff allowed the purchasers to make "interest only" payments for a number of months.

In February 1982, Mr. Thiessen indicated to Health Sciences University officials that he had been unable to sell the property, would be unable to make further payments, and desired to "return the deed." A "Full and Completed Release," approved by James Casby, Assistant Attorney General, was executed as of August 31, 1982. The settlement included retention of the initial down payment and all subsequent principal and interest payments.

Over the next two and one-half year period, the property was reappraised and readvertised several times. No bids were received. On February 19, 1985, three bids were received. The $125,000 bid of Mr. and Mrs. Scott A. Wallick of Seattle was accepted, along with an initial down payment of
$12,500. The remainder of the 20% down payment will be received within thirty days of closing. The remaining unpaid balance, $100,000 plus interest at 11%, will be paid off in equal monthly principal and interest installments of $1,035 over the next twenty years.

Oregon Health Sciences University officials report that the income will be used for scholarships to worthy students of high scholarship, character, and need in the School of Dentistry, all in accordance with the trust agreement of Richard P. Knowlton.

Board Discussion and Action

The Board accepted the report as presented.

ADJOURNMENT

The Board meeting was adjourned at 2:30 p.m.

Louis B. Perry, President

Wilma L. Foster, Secretary