MINUTES OF REGULAR MEETING OF THE
STATE BOARD OF HIGHER EDUCATION HELD
November 22, 1985

Page

Report on H. Flanagan 375

MINUTES APPROVED 375

CHANCELLOR'S REPORT
Response to K. Toran re Affirmative Action Matters 375
Workshop for Administrators 375
Recruitment of Minority Students 375
Task Force To Review the Mission of PSU 375
Centers of Excellence 376
Information for Annual Report 376
China Trip to Fujian Province 376

EXECUTIVE COMMITTEE REPORT
Position Description and Policy for Evaluation of the Chancellor 377
Appreciation for Success of Equity/Fairness Efforts 381
Policy Statement on Equal Opportunity 381
Request To Establish a Materials Science Institute, UO 382
Revised Plan for University Hospitals & Clinics Rehabilitation & Alterations Projects, OHSU 383
Schematic Design for Medical Research Building, Neurology Alterations, OHSU 386
Proposed Administrative Rule Prescribing Involvement of Minority- and Women-Owned Business Enterprises in Capital Construction Projects for OSBHE 387
Sub-Lease of Land to OSU Foundation for Construction of Residential Housing at Marine Science Center, OSU 390
Amendments to OAR 580-15-015, Discrimination Prohibited in All Higher Education Programs, Services & Interschool Activities; and OAR 580-15-065, Employment Assistance to Students 392
Amendments to OAR Division 50, Acquisition of Real Property 393
Proposed Amendment of OAR 580-10-081(3)--Waiver of Nonresident Instruction Fee for WICHE Doctoral Exchange Students 397
Authorization to Increase Funding and Transfer Funds for School of Dentistry, Student Lounge, OHSU

Report of Badgley Gift, Donation of Timbered Land, EOSC

SUMMARY OF FACILITIES DIVISION ACTIVITIES, OFFICE OF ADMINISTRATION
  Accessibility for the Handicapped, EOSC
  Accessibility for the Handicapped, OHSU
  Schneider Museum of Art, SOSC (Architectural Services)
  Schneider Museum of Art, SOSC (Inspection Services)
  Millrace Bridge Repair, UO
  Inspection Services, UO

ITEMS FROM BOARD MEMBERS

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

November 22, 1985

Meeting #531

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., November 22, 1985, by the President of the Board, Mr. Alvin R. Batiste, and on roll call the following answered present:

Mr. Robert R. Adams
Mr. John W. Alltucker
Mr. Gene Chao
Mr. Terrence A. Clark
Mr. F. David Crowell

Mrs. Janet S. Nelson
Mr. James C. Petersen
Miss Mildred A. Schwab
Mr. Alvin R. Batiste

Absent: Mrs. Flanagan was absent due to illness, and Mr. Hensley was absent for business reasons.

OTHERS PRESENT

Centralized Activities--Chancellor William E. Davis; Secretary Wilma L. Foster; W. T. Lemman, Executive Vice Chancellor; Lawrence C. Pierce, Vice Chancellor for Academic Affairs; Wil Post, Vice Chancellor for Public Affairs; W. C. Neland, Associate Vice Chancellor, Facilities Division; Richard Perry, Associate Vice Chancellor, Administration and Planning Services; Virginia Boushey, Assistant to the Executive Vice Chancellor; Ronald Anderson, Assistant Vice Chancellor, Personnel Services; Davis Quenzer, Associate Vice Chancellor, Budget and Fiscal Policies; Holly Zanville, Assistant Vice Chancellor, Academic Affairs; Barbara Barrie, Personnel/Affirmative Action Officer; Jerry Casby, Assistant Attorney General; Wayne Kurlinski, Special Assistant to the Chancellor; J. I. Hunderup, Vice Chancellor Emeritus; Karen McCumsey, Secretary to the Chancellor; Debbie Cherry, Secretary, Office of Public Affairs.

Oregon State University--President John V. Byrne; T. D. Parsons, Vice President for Finance and Administration; Bill Wilkins, Acting Vice President and Provost; Stefan Bloomfield, Assistant to the President.

University of Oregon--President Paul Olum; Richard J. Hill, Provost; Dan Williams, Vice President for Administration; Shirley L. Menaker, Dean, Graduate School; John Moseley, Acting Vice President for Research; Richard Higgins, Professor; Jim Lemert, representing the Association of Oregon Faculties; Robin R. Brown, Intern, Office of Administration.

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

Portland State University--President J. C. Blumel; Margaret J. Dobson, Interim Vice President for Academic Affairs; Roger Edgington, Vice President for Finance and Administration.

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

Oregon Institute of Technology--President Larry Blake; John Smith, Dean of Administration.

Southern Oregon State College--Ernest Etlich, Dean of Academic Affairs; Ronald Bolstad, Dean of Administration.

Western Oregon State College--William Neifert, Dean of Administration; Bill Cowart, Provost.
Report on H. Flanagan

At the request of Mr. Batiste, the Secretary reported that Mrs. Flanagan was presently at the University of California Medical School Hospital and would undergo further surgery during the day. It was expected she would remain in the hospital for several days following the surgery.

MINUTES APPROVED

The Board dispensed with the reading of the minutes of the last regular meeting held on October 18, 1985. Mr. Adams provided the Secretary with a minor correction in the wording on page 355. The Board approved the minutes as distributed, including the revised wording. The following voted in favor: Directors Adams, Alltucker, Chao, Clark, Crowell, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

CHANCELLOR'S REPORT

The Chancellor welcomed Mr. J. I. Hunderup, Vice Chancellor Emeritus, to the meeting. He noted that Mr. Hunderup had visited Denmark since his retirement.

Response to K. Toran re Affirmative Action Matters

The Chancellor distributed a copy of a letter mailed to Ms. Kay Toran, Director of the Governor's Affirmative Action Office. The letter provided trends and information on affirmative action matters.

The Chancellor stated that in analyzing the EEO-6 data compiled by the Western Interstate Commission for Higher Education for the thirteen western states, Oregon either led or ranked among the leaders in several categories. There was an increase in the number of women as a percentage of the total faculty and also in administrative positions. The percentage of women in the various academic disciplines who hold the doctoral degree has increased substantially since 1970, thus increasing the pool of fully qualified women for faculty and administrative positions. There has been an improvement in the areas in which women and minorities earn degrees. Oregon ranks near the top nationally in the salaries paid women faculty as a percentage of those paid men at the full professor and associate professor levels. It ranks lower at the assistant professor level, but this may be due to the inclusion of community college personnel at this level.

The Chancellor indicated the staff would continue to monitor the factors affecting salary.

Workshop for Administrators

The Chancellor said planning had begun for the implementation of the administrative workshop for all new administrators in the State System. The workshop is expected to occur before the start of the fall semester.

Recruitment of Minority Students

The Chancellor said the potential resources for the aggressive advisement and recruitment of minority students at the middle school level, as well as other students in the state, were being reviewed. The intent would be to advise them of the opportunities afforded by a college education and the types of courses they should take if they are interested in pursuing a college education. Specific proposals will be developed.

Task Force To Review the Mission of PSU

The Chancellor requested the Board to establish a special task force to review the mission of Portland State University as the basis for responding to the Budget Note pertaining to the graduate and research status of that institution.

He recommended that the Board appoint such a committee and that it consist of Board members and selected personnel from Portland State University and from the Portland community. The exact nature of the task force would depend on the availability and consent of the persons contacted. It would be expected that the committee would submit at least a preliminary report by the February Board meeting. Dr. Pierce will be the staff person working with the task force.

Mr. Batiste said if there were no objections from the Board, he would appoint the task force in consultation with the members of the Executive Committee. Board members will be advised by letter once the appointments are made.
Centers of Excellence

The Chancellor said centers of excellence had been discussed at the Presidents Council meeting the previous day and there had not been unanimity on the definition of centers of excellence. The staff will refine the document on centers of excellence. At the December meeting of the Committee on Instruction, the presidents will have an opportunity to make presentations on the existing statements of the missions of the institutions and to identify the existing strengths or centers of excellence and institutional priorities for developing or expanding new or present strengths and centers of excellence.

The Chancellor indicated these presentations were very important as the first step in the development of the total budget request in order to review the mission of each institution and any possible budget implications for the institutions and the State System. The presidents have been requested to identify those particular strengths or characteristics of the institutions which presently exist or have a potential for development.

One of the concerns expressed by the presidents was the belief that all areas of every institution should be of high quality and excellence. Designating some areas of excellence might be interpreted as implying that other areas were less than excellent.

Mr. Batiste said the previous discussions had been concerned with centers of excellence which contributed to economic development. He asked whether the present discussion of centers of excellence would go beyond economic development and whether some state or regional interest would be required.

China Trip to Fujian Province

The Chancellor said Board policy provided that the Chancellor submit an annual report on the chief occurrences at the institutions. In accordance with that policy, the presidents of the institutions were requested to submit a brief report to the Chancellor outlining the major achievements, accomplishments, and changes at the institutions during the year. This information, together with statistical reports, will form the basis for the annual report.

The Chancellor indicated that at the time the presidents and officials from China visited Oregon, an invitation was extended to Oregon officials to visit China. The intent would be to strengthen the inter-cultural relationships with Fujian Province and to examine further specific details for in-depth, long-range plans for the exchange of students. The Chinese are primarily interested in graduate students having an opportunity to participate in certain selected programs. They would make slots available for undergraduate students who desire to study in Fujian.

The delegation will be a working task force headed by Mr. Lemman and Dr. Pierce. Mr. Lemman will be responsible for the logistical and financial support of the program, and Dr. Pierce will be responsible for the academic programs of the China connection. There will be five or six additional members of the delegation selected from institutional staff. The group is expected to visit Fujian in March for approximately two weeks.

The Chancellor indicated the Chinese are very interested in American educational methods and how institutions and courses are organized and administered. They are specifically interested in programs which relate to their economy, particularly forestry, agriculture, marine science, teacher education, and the preparation of people in technical fields. The State System is looking for ways to strengthen the knowledge and cultural ties with Asian countries—their language, philosophy, and history.
Mr. Batiste requested Mr. Petersen to present the report of the Executive Committee with respect to the position description for the Chancellor and the policy establishing the criteria and procedure for evaluation of the Chancellor.

Mr. Petersen said there had been very few changes recommended in the Chancellor's job description as distributed at the previous Board meeting. There were no changes in the statutory duties because those were not within the jurisdiction of the Board. The changes included the addition of the words "in which rests the sole power of decision" to Item 1 following the summary of the statutory duties. Item 6 was modified to read, "serve as the official representative of the Board and the Department of Higher Education to the Legislature, the Office of the Governor, and the Executive Department." In Item 7, the word "implementation" was inserted with respect to the execution of the Board's budget policy. Item 8 designated the Chancellor as an ex officio member of all Board committees. The portion of Item 10 after the word "directive" was omitted because it was contained in the statutes.

The job description as presented, with the indicated modifications, follows:

Position Description for the Chancellor
Oregon State System of Higher Education

The State Board of Higher Education appoints the Chancellor of the State Board of Higher Education who is the Chief Executive Officer of the System and serves at the pleasure of the Board.

The Chancellor has the following statutory duties and powers:

"351.085 Duties and powers of chancellor. The Chancellor of the State Board of Higher Education shall exercise, under the direction of the State Board of Higher Education, the administrative authority necessary to carry out the policies of the board with respect to the institutions, departments or activities under the control of the board. In carrying out his duties, the chancellor shall:

(1) Act as administrative officer of the State Board of Higher Education.
(2) Maintain a centralized service program for all institutions, departments and activities, including but not limited to, accounting, statistical services, capital construction, management analysis, legal services, academic affairs and educational research.
(3) Collect and compile information and statistics relative to the operation of the institutions, departments and activities of the State Board of Higher Education.
(4) Prepare and submit to the State Board of Higher Education an annual operating budget for all institutions, departments and activities of the board.
(5) Oversee the preparation and submission to the State Board of Higher Education of the biennial budget requests of the institutions, departments and activities for consideration by the board as the budget request to the Governor under ORS 351.090. The chancellor shall provide analyses of the budget requests of the institutions, departments and activities, including in such analyses alternative considerations as may be necessary or desirable for the board in the adoption of its budget request.
(6) Appoint, subject to the State Merit System Law, and with the approval of the State Board of Higher Education, such personnel as may be necessary for the performance of his duties.
(7) Designate, if he wishes, one or more suitable persons to sign or countersign warrants, vouchers, certificates, or other papers and documents requiring the signature of the chancellor.
(8) Prepare the agendas for State Board of Higher Education meetings and provide an analysis of proposals made to the board, including such alternatives as may be necessary or desirable for their consideration, and make recommendations thereon.

(9) Prepare and submit to the State Board of Higher Education on or about December 31 of each year an annual report in which he describes the principal activities of the Department of Higher Education during the fiscal year ending June 30. The report shall include a statement of all funds received, the source or sources from which received, the expenditure and disbursement of all funds and the purposes for which they were expended. The report shall contain a statement of the number of students enrolled in each institution, department or activity, the number of degrees conferred, the improvements made and new courses of instruction added, together with a statement showing in a general way the status of all activities and functions of the State Board of Higher Education.

(10) Keep a record of the transactions of the State Board of Higher Education.

(11) Have the custody of all books, papers, documents and other property belonging to the State Board of Higher Education.

(12) Give such instructions as may be necessary to carry out the directives of the State Board of Higher Education and forward them to the various institution presidents and heads of departments and activities.

(13) Provide for meetings of the presidents and principal executives of the institutions, departments and activities, at such times as the State Board of Higher Education may direct, such meetings to be open to any member of the board. At such meetings, the executives of the Department of Higher Education may propose policies or policy changes or statements for consideration by the board and develop recommendations concerning allocations of funds.

(14) The chancellor shall perform such other administrative assistance and consider other administrative matters as the State Board of Higher Education may require."

In addition to the statutory duties, the Chancellor:

1. Makes recommendations to the Board, in which rests the sole power of decision, concerning the selection, appointment, promotion, salaries, transfers, suspensions, and terminations of appointments of the Secretary and Assistant Secretary of the Board, the Vice Chancellors, institution presidents and vice presidents, and the executive deans of the institutions.

2. Is authorized to approve, upon recommendation of institution presidents, the selection, appointment, promotion, salaries, transfers, suspensions, and terminations of appointments of institution deans.

3. Is authorized to approve the terms and conditions of appointment and compensation of all faculty members and other employees, except as provided in Paragraphs 1 and 2, above, or to delegate full responsibility for the foregoing personnel actions to institution presidents or division heads.

4. May appoint interinstitutional councils and committees to formulate policy proposals, to advise on matters pertinent to Department operation, and, when appropriate, to administer Board policy.

5. Shall serve as the official medium of communication between the Board and all individuals, officials, agencies, organizations, and constituent institutions.
6. Shall serve as the official representative of the Board and Department to the Legislature, the Office of the Governor, and the Executive Department.

7. Shall be responsible for implementing the execution of the budget policies as approved by the Board.

8. Shall attend and may participate in, without the privilege of voting, the meetings of the Board and its various committees.

9. Shall supervise the direct activities of the Vice Chancellors, Secretary of the Board, and other staff of Centralized Activities.

10. Shall have sufficient discretionary powers to permit the prompt and effective execution of resolutions, policies, rules, and directives adopted by the Board, the interpretation of such resolutions, policies, rules, and directives.

Mr. Petersen moved that the position description be adopted as presented.

Mr. Alltucker inquired whether his minority report could be submitted in writing, and Mr. Batiste invited him to read the statement for the record.

Mr. Alltucker said he objected to a long, detailed job description because there can be problems if anything is left out of a list of all of the things the Chancellor is expected to do. He said he would prefer a rather succinct general statement of the Chancellor's responsibilities and duties and hold the person responsible for those things. He said he did not think the details belonged in a policy statement.

Mr. Petersen said he believed Mr. Alltucker was saying that Item 14 in the statutory statement would serve as a position description.

The Board then adopted the position description as presented, with the following voting in favor: Directors Adams, Chao, Clark, Crowell, Nelson, Petersen, Schwab, and Batiste. Those voting no: Director Alltucker.

Mr. Petersen said the Chancellor had been with the State System for three years and it would be appropriate for his performance to be evaluated at this time in accordance with the timetable established for evaluation of the presidents of the State System institutions. No specific criteria were available, so the Executive Committee developed a statement of the criteria and procedure for such an evaluation. The policy statement for the evaluation of the Chancellor appears below:

**POLICY: EVALUATION OF THE CHANCELLOR**
**OREGON STATE SYSTEM OF HIGHER EDUCATION**
**November 22, 1985**

1. The Chancellor shall be evaluated by the Board. The Executive Committee shall assist the Board in assembling the evaluation material.

2. The Chancellor shall be evaluated immediately following the initial three-year period of appointment, and additional evaluations shall be undertaken at five-year intervals.

3. Evaluative criteria for the Chancellor shall include, but not be limited to, the following:
   a. Leadership and Management
      (1) Academic
      (2) Administrative
      (3) Facilities
      (4) Planning
      (5) Public Affairs
      (6) Other
b. Internal Relationships

(1) State Board of Higher Education
(2) Presidents
(3) Vice Chancellors

c. External Relationships

(1) State Government
   a. Governor
   b. Legislative Leadership
   c. Other Educational Boards
(2) General Public
(3) Appropriate Regional and National Affiliations

d. Effectiveness in achieving affirmative action objectives and sensitivity to equity issues.

e. Physical Condition

(1) Personal Statement
(2) Physician's Report

The following procedural steps for evaluation of the Chancellor shall be followed:

1. The Executive Committee shall consult with the Chancellor concerning the procedure to be followed in obtaining evaluative material:

2. The Chancellor shall be asked to submit a comprehensive statement concerning the Chancellor's stewardship. The statement shall include references to the evaluative criteria in Item 3 above.

3. Following receipt of the comprehensive statement, the Board President, or a designee, shall seek evaluative information from presidents, vice chancellors, Board members, and related external groups and individuals. Other groups and individuals, both within and outside the System, shall be given the opportunity to submit evaluative information appropriate to the evaluation.

4. The Chancellor shall submit the results of a physical examination to the Board President.

5. The Board President, in consultation with the Executive Committee, shall prepare an evaluative report.

6. The Board shall review the evaluative report, after which it may meet with the Chancellor to discuss the evaluation.

In accord with Oregon law, all evaluative material shall be treated in confidence in the same manner as Oregon State System of Higher Education faculty and presidents.

Mr. Petersen said the Executive Committee recommended that the Board approve the policy for the evaluation of the Chancellor. He moved approval of the recommendation, and Mrs. Nelson seconded the motion.

Mr. Petersen commented that it was intended that the evaluation would include comments not only from the presidents, vice chancellors, and Board members, but also from representatives of the Interinstitutional Faculty Senate, the Oregon Student Lobby, and the Oregon Educational Coordinating Commission.
Mr. Alltucker proposed the addition of two criteria to the policy statement. The first would be "demonstrated results in implementing Board policy." The second would be "demonstrated ability to deal with staff, faculty, students, elected officials, Board members, and the public in such ways that they are motivated to contribute wholeheartedly to and support the policies of the Board and the activities within the State System." Mr. Alltucker expressed no preference with respect to the location of these criteria in the policy statement.

Mr. Petersen stated that in developing the proposal for consideration by the Executive Committee, he had relied heavily on the document prepared in 1981 by the consultants employed to assist the Board in the search for a new Chancellor. He said it was a very good document and defined some of the qualities the Board should seek in a Chancellor. He said the Board had done a good job in accomplishing what it set out to do four years ago and in achieving the goals that were established at that time.

The Board approved the amendments to the policy statement as proposed by Mr. Alltucker. The following voted in favor: Directors Adams, Alltucker, Chao, Clark, Crowell, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

The Board then approved the amended policy statement, with the following voting in favor: Directors Adams, Alltucker, Chao, Clark, Crowell, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Mr. Batiste said the suggested schedule for the evaluation would call for the Chancellor to conduct the self-evaluation in December. The evaluation by the President would take place in January, with the report to be made to the Board prior to, or at, the February meeting.

Mr. Batiste announced that he had communicated by letter with all of the participants in the equity/fairness workshop expressing his appreciation for their dedication toward the results that came out of that workshop because of their participation. A copy of the letter is on file in the Board's Office. It reaffirms the Board's continuing interest in parity and salaries and comments on the proposals which will be before the Board over the next several meetings with respect to these issues.

### Staff Report to the Board

The Oregon State Board of Higher Education recognizes the importance of appropriate higher education opportunities for all citizens of the state. The Board is committed in its Strategic Plan to recruit and build a more diverse student population and workplace.

It is the Board's intent that women and minority students be appropriately represented in academic programs at the undergraduate and graduate levels. It is also the Board's intent that women and minorities be appropriately represented in the administrative staff and in the teaching and research faculty.

Institution presidents have primary responsibility for developing and implementing programs to enhance enrollment and graduation of women and minority students and for achieving a diversified workforce by maintaining affirmative action plans; the appropriate social-educational climate; and other relevant conditions, policies, and practices. The Chancellor is responsible for developing and implementing similar plans, conditions, policies, and practices in the Board's Office. As a matter of law, as well as policy, the Chancellor shall evaluate the performance in these areas of presidents and other officers reporting to him. (See Board's policy on Executive Management and Evaluation of Chief Administrators.)
The Chancellor shall report to the Board at the December meeting each year concerning the efforts and achievements with respect to equal opportunity and affirmative action objectives in enrollment and employment during the prior fiscal year. Special recognition shall be given in the report to those institutions which have achieved the stated goals or which have made superior efforts to those ends. Attention will also be called to institutions which have demonstrated unsatisfactory progress or efforts.

The Board further intends, as a matter of policy, that minority- and women-owned business enterprises have equal opportunity in contracting, subcontracting, and supplying materials for capital construction projects undertaken by the Board.

Staff Recommendation to the Board

It was recommended that the Board adopt the policy statement concerning equal opportunity.

Board Discussion and Action

Mr. Lemman said the Committee and the Board had taken action to initiate a series of activities related to strengthening the Board's policy statements, procedures, and evaluation efforts in the areas of equal opportunity within the State System. Mr. Lemman said the policy statement is one of a series of steps which the Board is taking and indicated other matters which would come before the Board at a later time. The policy statement was drafted to enable the Board by its adoption to set forth the expectations of institutions in three areas: (1) that the Board intends that women and minority students be appropriately represented in academic programs at the undergraduate and graduate levels, and that the institutions take appropriate steps or make efforts in that direction; (2) that the Board intends women and minorities to be appropriately represented in the administrative staff and in the teaching and research faculties at the institutions, with annual reports to the Board on those affirmative action efforts in hiring; and (3) that recognition be given to those institutions which have achieved the stated goals or made superior efforts and, conversely, that attention be called to those institutions which have demonstrated unsatisfactory progress or effort.

Mr. Lemman said it is expected three administrative rules will be before the Board in January. The first would indicate goals for the participation of minority- and women-owned businesses in capital construction contracts. The other two rules would relate to enrollment and employment.

The Board approved the policy statement as presented, with the following voting in favor: Directors Adams, Alltucker, Chao, Clark, Crowell, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Staff Report to the Board

The University of Oregon requests authorization to establish a Materials Science Institute. The purpose of the institute is to create an interdisciplinary, administrative unit to facilitate research on the fundamental properties of materials. The report entitled, "Request by the University of Oregon To Establish a Materials Science Institute," is on file in the Board's Office.

A description of the proposed program, the need for the program, the relationships to other materials science activities in the state, and the resources available to the proposed program is presented in the University's request, pp. 1-16 of the full report.

The proposed institute is a part of the "Centers of Excellence" program at the University of Oregon that was funded by the 1985 Legislature. The institute requires no new funds. The research activities of the institute will be supported from grants and contracts obtained by members of the institute.
The University of Oregon has developed considerable faculty expertise in the theoretical aspects of materials science. The staff believes that the research proposed at the new institute will complement research on electronic materials and devices at Oregon State University and at the Oregon Graduate Center. Staff members of the proposed institute are already engaged in collaborative work with scientists and engineers at these institutions and at Tektronix.

Staff Recommendation to the Board

The Board's staff recommended approval of the University of Oregon's request to establish a Materials Science Institute effective winter term, 1986.

Board Discussion and Action

Dr. Pierce said the proposed institute was part of a larger research effort in the State System in the area of materials science. It is highly complementary to the activities that exist on the campus at Oregon State University. It is expected that, within the next few months, a proposal will be received from Oregon State University for a complementary center on electronic devices and materials. Faculty from the two institutions are working cooperatively in the field and are also working with materials scientists at Tektronix and with other firms in the microelectronics industry in Oregon.

In commenting on the proposal, Dr. Richard Higgins, who will be the director of the center, explained that the proposal would accomplish the goals set by the Board last spring and approved by the Legislature. Two new faculty members have been employed with the funds provided, and approval of the institute will assist greatly in a successful recruiting effort and in the acquisition of external funds.

Mr. Alltucker inquired as to the specific areas of current interest. Dr. Higgins indicated there was a strong focus on the fundamental aspects of semiconducting materials and the interfacing in semiconductors and metals. Optical properties and materials are also of interest. He said he would view the activity as an overlapping of the sciences and engineering. Cooperative efforts now exist with the University of Oregon, Oregon State University, the Oregon Graduate Center, and Tektronix, but cooperation with other institutions and firms would be a definite possibility.

Mr. Clark asked whether there was any medically related interface with medical materials. Dr. Higgins indicated this was an intriguing possibility and there was a good chance a proposal in this field might be developed at a later time.

President Byrne stated that Oregon State University strongly supported approval of the institute. Since 1982, Oregon State University has been attempting to bring together the materials-related programs into a single advanced materials program including the basic physical sciences as well as the electronic devices and materials. The interaction between the two universities will benefit the entire program in materials research and materials science throughout the System.

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Adams, Alltucker, Chao, Clark, Crowell, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Revised Plan for University Hospitals and Clinics Rehabilitation and Alterations Projects, OHSU

Staff Report to the Board

In passing the 1985-1987 Capital Construction budget, the Subcommittee of Ways and Means adopted a budget note which required the Oregon Health Sciences University to return with a plan for implementation of capital improvements to the hospitals and clinics which would include an analysis of the impact of projects on reductions in full-time equivalent positions.
and other operating costs, hospital fees and charges, and levels of indigent care. The Subcommittee further expressed the intent that hospital construction projects should not result in fee increases beyond those anticipated by the legislatively approved budget."

The Subcommittee did not authorize specific remodeling projects or equipment purchases, but included sufficient bonding authority in Senate Bill 5562. The Subcommittee did approve $1,350,000 in authority to sell Article XI-F(1) bonds for remodeling work on operating rooms ($750,000) and radiological facilities ($600,000), on the assumption that debt service in the 1985-1987 biennium, as well as on-going debt service, would be financed from project savings and would not result in an increase in rates or affect the hospital's ability to provide service.

"The Subcommittee further requested that $500,000 be reserved in the Emergency Fund for OHSU to be used as a possible operating subsidy to permit the University Hospital to review its Capital Construction needs and return to the Emergency Board with a plan for implementation."

Subsequent to legislative consideration, two federal grants were reserved for the Oregon Health Sciences University. The first is in the amount of $10,000,000 through the Federal Department of Commerce for renovation and remodel of the University Hospital; the second is for $750,000 through the National Institutes of Health to assist with the construction of the Eye Center. In re-evaluating renovation and remodeling within the hospitals and clinics, and expansion for the Eye Center, OHSU staff have now factored in these grants.

The proposed investment plan includes 16 items for $27,545,000 of remodeling and equipment, which are funded as follows:

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<tr>
<td>Article XI-F(1) Bonds</td>
<td>$8,525,000</td>
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<tr>
<td>Federal funds</td>
<td>10,750,000</td>
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<tr>
<td>Gift funds</td>
<td>8,270,000</td>
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<td><strong>Total</strong></td>
<td><strong>$27,545,000</strong></td>
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In addition, approximately $4,200,000 will be spent through lease/purchase contracts to acquire major equipment systems.

The listing of project groups is as follows: (amounts are expressed in thousands)

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Bonds</th>
<th>Federal</th>
<th>Gift</th>
<th>Lease</th>
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<tbody>
<tr>
<td>1. Patient service equipment</td>
<td>$1,000</td>
<td></td>
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<tr>
<td>2. Department consolidations</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Psychiatry</td>
<td>250</td>
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<tr>
<td>Surgery</td>
<td>150</td>
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<tr>
<td>3. UHS A-wing upgrade:</td>
<td>200</td>
<td>5,500</td>
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<td>Ventilation</td>
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<td>4. Surgical services</td>
<td></td>
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<tr>
<td>Consolidation I &amp; II</td>
<td>950</td>
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<tr>
<td>5. Labor and delivery</td>
<td>150</td>
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<tr>
<td>6. Intermediate care nursery</td>
<td>100</td>
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<td>7. Coronary care unit expansion</td>
<td>200</td>
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<td>8. Radiology consolidation</td>
<td>700</td>
<td></td>
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<tr>
<td>9. Angiography laboratory</td>
<td></td>
<td>1,500</td>
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<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>1988</th>
<th>1989</th>
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<tbody>
<tr>
<td>10.</td>
<td>Lithotripter</td>
<td>150</td>
<td>2,000</td>
</tr>
<tr>
<td>11.</td>
<td>Magnetic Resonance Imager</td>
<td>1,500</td>
<td>2,200</td>
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<td>12.</td>
<td>Surgical/Clinical Lab equipment</td>
<td>1,000</td>
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<tr>
<td>13.</td>
<td>Pediatric ICU and Neonatal ICU consolidation</td>
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<td>14.</td>
<td>Adult ICU</td>
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<td>Eye Center</td>
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<td><strong>Total</strong></td>
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<td>$10,750</td>
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Position savings associated with $5,600,000 of the bond fund investment is expected to accrue to 27 FTE by the completion of the 1987-1989 biennium and produce a surplus of savings over debt service of $601,000 per biennium by the conclusion of the 1989-1991 biennium. The Federal funds investment of $10,000,000 will add another 17.5 FTE savings by the end of 1987-1989 and produce additional savings of $1,320,000 by 1989-1991. Thus, the combination of bond funds and Federal funds will produce a reduction of 44.5 FTE and save nearly $1,000,000 per year.

The following actions need to be taken by the State Emergency Board:

- Authorize all projects and acquisitions
- Authorize expenditure limitations for all Article XI-F(1) bond-financed projects, including an addition of $3,425,000 for the Eye Center
- Approve a grant application, project authorization and expenditure limitation for $10,750,000 of Federal funds
- Approve project authorization and expenditure limitation for $1,650,000 of gift funds.

**Staff Recommendation to the Committee**

It was recommended that the revised renovation, remodel and equipping plan for the hospitals and clinics at the Oregon Health Sciences University be accepted; that a request be made to the State Emergency Board at its December meeting to accept the revised plan, and to authorize an application for $10,000,000 in Federal grant funds from the U.S. Department of Commerce. Additionally, it was recommended that the State Emergency Board be asked to continue the reservation of $500,000 in the Emergency Fund until the proposed plan is well into an implementation phase.

**Discussion and Recommendation by the Committee**

Mr. Crowell requested a further clarification on the bonds and precisely what the Committee and the Board were being requested to approve.

Mr. Lemman explained that two things were required in order to expend money under a bonding program for capital construction. The first is obtaining bonding authority. The Legislature must act to approve that because it must be in the form of statutory authorization. The statutory authorization has been given for the bonding program for the Board of Higher Education, including this project. Even though the Legislature did not know at that time precisely what the capital construction program for the hospital would be, there would still be the opportunity for the Legislature to control the expenditure through the expenditure limitation route. If the Legislature chose not to expend the money, the bonding authority would be there, but it would be unusable. There is no problem with the bonding authority because it is available.
The second thing that is required before expending money for capital construction projects is an expenditure limitation or authority, and this has not been granted as yet. The Legislature agreed that renovation was needed at University Hospital and provided bonding authority with instructions to return to the Emergency Board with the revised plans. At that time, the Emergency Board would be asked to approve the plans and make the expenditure limitation.

Mr. Petersen said it was his understanding the State Health Planning Division had permitted a number of hospitals in Portland to install a magnetic resonance imager, which is a very expensive piece of equipment. He asked whether Dr. McGill thought University Hospital would be able to support that equipment with present patients in view of the proliferation of this equipment.

Dr. McGill said that he did because the hospital has an agreement with the Veterans Administration Medical Center so that all of its patients needing this procedure would be sent to University Hospital until the Veterans Medical Center acquires its own equipment three or four years from now. The patient load from both hospitals over this period of time will be adequate for amortization of the equipment.

Dr. McGill said the lithotripter was another very expensive piece of equipment which offers the possibility for a cooperative effort. It is a kidney stone crusher. The patient load in Oregon and southwestern Washington is sufficient to justify only one of these very expensive machines, and the state regulatory bodies have specified there will be only one. University Hospital is working with three other hospitals in the Portland area in developing a joint venture to procure, operate, and use this lithotripter. If this joint venture occurs, the dollar amount in the proposal for this equipment will be reduced.

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

Board Discussion and Action

Mr. Petersen presented the Committee report and recommendation. He noted that basically the hospital was seeking to reduce redundant facilities and improve patient facilities.

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Adams, Alttucker, Chao, Clark, Crowell, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Schematic Design for Medical Research Building, Neurology Alterations, OHSU

Staff Report to the Board

Because of changing emphases in its work assignments, Clinical Engineering (formerly the Research Instrument Service) was relocated from the Medical Research Building into University Hospital South. The suite of rooms thus freed in the Medical Research Building has been reassigned to the Department of Neurology in the School of Medicine.

The Oregon Health Sciences University proposes to remodel and renovate the space to accommodate research projects for the Department of Neurology in the field of neuroendocrinology. The facilities, now primarily shops and testing facilities, will be converted into office-laboratory-support space, including a histology laboratory; chemistry laboratory; a darkroom, sized to potentially house an electron microscope; an animal holding room; radioimmunoassay laboratory; as well as facilities for tissue culture and electrophysiology.

The proposed budget for the project is $258,000, which will be funded from capital outlay building use credits available to the Oregon Health Sciences University.
Summary

Project - OHSU Medical Research Building, Neurology Alterations

Architect - Petersen Kolberg & Associates, P.C., Wilsonville

Board's priority - not applicable

Legislative authorization - Pending

Estimated total project costs $258,000

Estimated direct construction costs $180,000

Estimated net project area - 2,080 net square feet

Tentative schedule: 
  Begin construction - February 1986
  Completion - May 1986

Financing plan: Capital Outlay Building Use Credits $258,000

Staff Recommendation to the Board

It was recommended that the appropriate Board officials be authorized to acknowledge acceptance of the schematic design for the proposed Medical Research Building, Neurology Alterations, at the Oregon Health Sciences University and to instruct the project architect to proceed with design development and construction of the facility within a total project budget of $258,000, subject to the State Emergency Board establishing an expenditure limitation and authorization for this project.

Discussion and Recommendation by the Committee

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

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Adams, Alltucker, Chao, Clark, Crowell, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Staff Report to the Board

At the September 20, 1985, meeting of the Board, spokespersons for minority- and women-owned business enterprises made a presentation in support of a policy of the Board to implement certain positive actions which would enhance the abilities of these enterprises to participate in construction projects.

The proposals set forth to the Board would specifically trigger the requirements set out in House Bill 2577, Chapter 769, Oregon Laws 1985, adopted by the 1985 Legislative Assembly.

This legislation describes the actions a bidder must undertake to sub-contract some part of the contract, or obtain materials to be used in performing the contract, if the public contracting agency--here the State Board of Higher Education--requires this of bidders. Further, "the agency shall award the contract, if one is awarded, to the lowest qualified bidder who has met the minority business enterprise or women business enterprise goal established by the public contracting agency or who has made good faith effort prior to the time bids are opened to comply with sub-contracting or material supplied requirement." House Bill 2577 then describes nine actions or tests by which bidders are to be measured for compliance with such requirements.
In submitting a bid, bidders would be required to demonstrate the requirements have been met, or that a bona fide good faith effort, as demonstrated by compliance with each of the nine tests, was made.

Certification of Minority Business Enterprises and Women Business Enterprises is delegated to the State Department of Transportation.

In the presentation to the Board in September, the petitioners also requested the Board to adopt goals of 12% of contract value for Minority Business Enterprises and four percent for Women Business Enterprises, values which exceed the generally accepted goals of 10% and two percent respectively.

It may be noted that House Bill 2577 was sponsored in the Legislature at the request of the Associated General Contractors.

For many years the General Conditions of the capital contracts awarded by the Board have carried language urging bidders to seek out and use the services of Minority Business Enterprises, although we have not gone to the point of requiring such action. We have not established either goals or quotas.

The establishment of goals as an Administrative Rule of the Board would appear to cause no major difficulties for our capital contracts. The appointment of a single agency of state government to act as certifier of eligible firms is, to us, an important improvement. We do, however, resist at this time the establishment of goals for the Department of Higher Education greater than those required of other public contracting agencies. When our level of success in obtaining the meaningful participation of minority and women business enterprises approaches the goals of 10 and two percent, then we would recommend the Board consider elevating the goals. We know of nothing which particularly distinguishes higher education capital projects from any others in the marketplace such that additional requirements are warranted at this time.

Implementation of this Administrative Rule would be best accomplished with the next major project to be advertised, which is expected to be in early January 1986. Thereafter, we would suggest that the policy of requiring action by bidders to conform to the goals of the Administrative Rule be applied to each contract to be bid which carries an estimated value of $500,000 or more.

To accomplish the purposes of requiring good faith consideration of Minority and Women Business Enterprises as sub-contractors and materials suppliers for the Board's capital construction projects, the following Administrative Rule is proposed for adoption at the December 20, 1985, meeting of the Board, following a public hearing to be conducted on December 4, 1985.

The text of the proposed Administrative Rule 580-50-027 follows:

**Affirmative Action Goals**

580-50-027 (1) The successful bidder in a capital construction project approved by the Board of Higher Education and having an estimated value in excess of $500,000 shall make good faith efforts to subcontract to, or obtain materials to be used in performing the contract from, minority and women business enterprises in conformance with the following goals:

(a) 10% of the estimated total contract bid dollars to be subcontracted to minority-owned business enterprises or expended to purchase materials from minority-owned business enterprises.

(b) 2% of the estimated total contract bid dollars to be subcontracted to women-owned business enterprises or expended to purchase materials from women-owned business enterprises.

(2) For purposes of this section, minority and women business enterprises are those certified as such by the Department of Transportation. Implementation of the goals established in this section shall be according to the requirements of Chapter 769, Oregon Laws 1985.
Staff Recommendation to the Board

It was recommended that the Board authorize a public hearing to be conducted on the proposed Administrative Rule 580-50-027 concerning the requiring of bidders to capital construction projects to make good faith efforts, as described in House Bill 2577, Chapter 769, Oregon Laws 1985, to involve Minority and Women Business Enterprises in sub-contracting or materials supply, and to bring such proposed Administrative Rule to the Board at its December 20, 1985, meeting for consideration for adoption.

Discussion and Recommendation by the Committee

With respect to the $500,000 figure included in the proposed rule, Miss Schwab suggested that in determining the success ratio, all projects, regardless of size, should be tabulated to get the total percentages of minority- and women-owned businesses used in State System projects. This would enable the Board to assess the overall performance within the State System.

Mr. Neland agreed this would be an excellent suggestion because the original proposal to judge success on the basis of projects over $500,000 probably would result in the State System's appearing to be less successful in these efforts than it actually was. The Board should be in a position to report accurately the proportionate share of its activities received by minority-and women-owned business enterprises.

Miss Schwab moved that a sentence be added to state that in determining the success ratio of women- and minority-owned business enterprise percentages, all capital projects, regardless of size, shall be tabulated.

Mr. Alltucker said he had difficulty with the whole concept. He said legislative action follows the lead of federal action. The intent of the federal action, and presumably the state action, was to train minority people and women to enter the mainstream of the construction industry. He said the federal program was a total failure, and he predicted this would be true of the state program also because the only way to eliminate this failure is to eliminate the quota system. It is totally impossible in many parts of the State of Oregon to achieve the quota. He said, in his opinion, the practices that have developed in the construction industry in order to be allowed to bid on state and federal projects were unethical, immoral, and should be stopped immediately. He then described some of the ways in which the required quotas were achieved by going through a subcontractor identified as a bona fide minority contractor and running the project through that person's books as a subcontractor, even though the business never saw the job. The subcontractor receives a percentage for this procedure. Mr. Alltucker said the federal government was aware this was happening and continued to condone what he considered to be stealing from the taxpayers. He suggested that compliance with the legislative intent might be achieved by recommending that contractors bidding on projects be measured on the basis of their history of good faith efforts.

Mr. Neland pointed out that the proposal was for a goal rather than a quota. He said personally he would have great difficulty in recommending quotas to the Board. He said contractors would be asked to go through a set of standard procedures that would assure they had made an effort. There are two possible alternative situations that might occur. The low bidder has not met the goals but has met the good faith requirements as established. The second bidder, who has a higher price, has met the goals. In that case, Mr. Neland said it would be his judgment that the low bidder should be awarded the contract. In a second instance, the low bidder has no minority or women participation and has not made the good faith effort, while the second low bidder has made the good faith effort. Even though the second bidder's price is higher, Mr. Neland said the second bidder should receive the contract. Mr. Neland said the proposal is less burdensome than a quota and is realistic.
Miss Schwab explained that one of the purposes of her amendment was to look at the overall success because in some areas and some businesses, minorities or women may not be available.

Mr. Alltucker said the purpose of the legislation was to train people and bring them into the mainstream, and this was not happening. Instead, people were being trained to evade the law.

The Committee approved the amendment suggested by Miss Schwab.

Mr. Petersen then inquired whether the proposals were dealing with the State System as a whole because some areas would have less of an opportunity to participate in the employment of minorities and women than would other areas. He said he wanted to be certain that the institutions would not be compared against each other.

Mr. Neland said participation in Portland could not be measured against the participation at Eastern Oregon State College, Oregon Institute of Technology, and Southern Oregon State College. He said he was concerned that the program would not have a negative impact on small contractors who perform as subcontractors in remote areas where the prime contractor might come from out of town and bring a minority client along to the disadvantage of a contractor or supplier in the town or site of the project.

Mr. Alltucker inquired concerning the additional workload for Mr. Neland's office and the institutions as a result of the proposed rule. Mr. Neland said there will be a joint effort on evaluation with the institutions and that more efficient and productive work would be necessary. Later, there may be some other changes which will reduce the total workload somewhat.

The Committee recommended that the Board approve the staff recommendation to go to a public hearing on the proposed rule incorporating the amended language.

Board Discussion and Action

Mr. Petersen presented the Committee report and recommendation. He explained that it was the intent of Miss Schwab's motion to provide a better way to measure the State System's use of women and minority business enterprises on State System projects. It was also intended that the performance will be judged on the basis of the total State System, recognizing that various areas of the state have different mixes of minority and women. Mr. Petersen also referred to the comments made by Mr. Alltucker as reported in the Committee discussion.

The Board approved the staff recommendation, and incorporating the amendments proposed by Miss Schwab, with the following voting in favor: Directors Adams, Alltucker, Chao, Clark, Crowell, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Sub-Lease of Land to OSU Foundation for Construction of Residential Housing at Marine Science Center, OSU

Staff Report to the Board

The capital construction program for 1985-1987 included $280,000 for planning, constructing, and equipping of additional housing at the Mark O. Hatfield Marine Science Center, Newport. Financing for the auxiliary enterprise project was to be provided from gifts and grants. The project budget was based on two buildings—each with 1,920 gross square feet, or a total of 3,840 gross square feet.

On December 14, 1984, primarily because Oregon State University Foundation officials were not optimistic about the prospect of raising the necessary funds, the Board's staff (Chancellor Davis, Vice Chancellor Lemman, Vice Chancellor Hunderup, and Associate Vice Chancellor Perry) and University officials (President Byrne and Vice President Parsons) presented a third-part financing plan for funding the proposed project to the Executive Committee of the Board (Messrs. Batiste, Harms, Perry, and Petersen). At this meeting, the Executive Committee agreed to recommend that the Board approve the alternative plan.
On January 18, 1985, the Board approved: (1) the Executive Committee's recommendation and authorized the Board's staff, pending receipt of written approval from the Port of Newport, to enter into a sublease of up to 15 years with the Oregon State University Foundation for approximately one acre of land at the Hatfield Marine Science Center, Newport, so that the Foundation could arrange for the planning and construction of residence type housing to accommodate 32 students and 8 faculty in three buildings; (2) an increase in the estimated cost of the project from $280,000 to $420,000; and (3) a change in the gift and grant funding approach in order to permit the Foundation to seek a third-party financing arrangement.

Subsequently, a land sub-lease between the Board and the Foundation was executed with the approval of the Port of Newport, and construction documents were developed and approved by the University and Board's staff. In mid-June 1985, the Board's staff was notified that the third party which was to have funded construction of the residence housing had failed to acquire necessary funding. On June 27, 1985, the Board's staff notified the Foundation that the proposed sub-lease between the Board and the Foundation was null and void.

Recently the Oregon State University Foundation received a gift of $300,000 from an anonymous donor. The donor has approved use of the gift to fund construction of the residence housing at the Marine Science Center. The Foundation has proposed to University officials that the gift be used to fund construction of the housing, using the construction plans developed and approved earlier. The only exception to the plans that the donor has requested and University has recommended involves modifying the plans to accommodate 42 students, instead of 32 students and 8 faculty within the three buildings. Construction will cost approximately $300,000. The difference between the $300,000 and approximately $100,000 needed to furnish and equip the buildings will be provided by the Foundation. Upon completion of the project, the Foundation will transfer ownership of the facility to the Board. If the Board approves this funding arrangement, the sub-lease of one acre to the Foundation for a period not to exceed two years will be renegotiated and executed.

**Staff Recommendation to the Board**

It was recommended that the Board's staff be authorized to renegotiate and execute a sub-lease with the Oregon State University Foundation for approximately one acre of land at the Hatfield Marine Science Center for the construction of residence type housing as approved by the Board on January 18, 1985, with the minor modifications as noted above.

**Discussion and Recommendation by the Committee**

Mr. Chao inquired as to the reason for the drop in the estimated cost from $420,000 to $300,000. Mr. Neland said the revised figure simply represented a better estimate.

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

**Board Discussion and Action**

The Board approved the Committee recommendation, with the following voting in favor: Directors Adams, Alltucker, Chao, Clark, Crowell, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.
Staff Report to the Board

The Board's Administrative Rules prohibit discrimination in all higher education programs, services, and interschool activities, as set forth in OAR 580-15-015. A second rule, OAR 580-15-065, is concerned with employment assistance to students. Amendments are necessary to each of these rules to clarify any possible contradiction between the two rules.

A public hearing was held on the proposed amendments on September 23, 1985, with Dr. Joe Sicotte as the designated hearing officer. Present at the hearing were: Dr. Sicotte; Board Secretary Wilma Foster; Ms. Jetta Siegel, AAUP representative; and Mr. Wil Doolittle and Mr. Bryan Murray, from KEZI-TV.

The public hearing was opened at the designated hour by Dr. Sicotte. He explained the proposed amendments and asked if anyone wished to be heard for or against the proposed changes. There being no response to his request, he declared the public hearing closed.

The rule was included in the docket for the October Board meeting. It was withdrawn from the agenda in order to provide further clarification to questions raised by Board members prior to the meeting. The questions have been answered, and the proposed rule is now presented for Board action.

Staff Recommendation to the Board

It was recommended that the Board adopt by roll call vote the following proposed amendments to OAR 580-15-015, and OAR 580-15-065:

Discrimination Prohibited in All Higher Education Programs, Services, and Interschool Activities

580-15-015 No person in Oregon shall be subjected to discrimination in any Department program or service, school or interschool activity where the program, service, school or activity is financed in whole or in part by moneys appropriated by the Legislative Assembly of the State of Oregon. Each institution and division shall promptly adopt and publicize, and shall maintain, a procedure for redressing the grievances of persons who are subject to discrimination. Rules OAR 580-15-010 to 530-15-160 do not apply to claims of discrimination in employment, promotion, tenure or termination of employment except student employment as provided in 580-15-065(1).

Employment Assistance to Students

580-15-065(1) Institutions and divisions shall assure that nondiscriminatory policies are followed in [employing students.] student employment. Discrimination grievances arising out of student employment shall be addressed using the procedures required by or described in OAR 580-15-015 and 580-15-090 through 155.

(2) Institutions and divisions shall not assist prospective employers or agencies known by them to discriminate on a prohibited basis in their recruitment, hiring, or employment practices. Placement officers and other Department personnel who assist in the recruiting and hiring of students shall take steps to inform prospective employers of the requirements of nondiscrimination under the law.

Board Discussion and Action

The Board approved the staff recommendation as presented and adopted the proposed amendments to OAR 580-15-015 and OAR 580-15-065 on roll call vote. The following voted in favor: Directors Adams, Alltucker, Chao, Clark, Crowell, Nelson, Petersen, and Batiste. Those voting no: None. Director Schwab was absent from the meeting at this time.
Amendments to OAR Division 50, Acquisition of Real Property

Staff Report to the Board

It is necessary to amend three of the Board's Administrative Rules in Division 50 and to repeal a fourth rule in this division. Amendments are proposed to OAR 580-50-010, Easements; OAR 580-50-015, Purchases of Real Property; and OAR 580-50-020, Appointment of Professional Consultants. It is proposed that OAR 580-50-030, Prequalification for Public Improvements, be repealed.

The proposed modifications would accomplish four objectives:

1. To increase the dollar limit on the purchase price of real estate which can be authorized by the Executive Vice Chancellor. This limit was established in 1978, and the increased limit is a reflection of the changed market value of real estate.

2. To bring the Board's rules on appointment of professional consultants into conformity with the Administrative Rules of the Department of General Services (OAR 125-6-230).

3. To include changes in title of the Vice Chancellor for Administration and the Vice Chancellor for Facilities Planning to Executive Vice Chancellor and to change the Office of Facilities Planning to Facilities Division.

4. To repeal the Board's requirements for prequalification of bidders on public improvement contracts. This requirement is no longer necessary because of the adoption of the Attorney General's Model Rules of Public Contracting.

A public hearing was held on the proposed changes on November 5, 1985, with Ms. Virginia Boushey as the designated hearing officer.

The hearing was opened at the designated hour by Ms. Boushey. She inquired if anyone wished to be heard for or against the proposed amendments and repeal. There being no response to her inquiry, she declared the public hearing closed.

Staff Recommendation to the Board

It was recommended that the Board adopt, on roll call vote, the proposed amendments to OAR 580-50-010, 580-50-015, 580-50-020, and repeal OAR 580-50-030, as set forth below:

Easements

580-50-010 The Board President and the Board Secretary are authorized without Board approval to execute easements affecting real property owned by the State of Oregon for the benefit of the Department in accordance with the following:

(1) The easement shall be recommended by the Chancellor or the Executive Vice Chancellor [for Facilities Planning] and shall be in a form approved by the Board's legal counsel.

(2) If the property affected is within approved projected campus boundaries, the easements shall relate only to underground utilities with appropriate access.

(3) If the property affected is not within approved projected campus boundaries, the easement shall relate either to utilities or to rights of way for access to adjacent properties.

(4) Easements granting rights in real property other than those set forth in sections (2) and (3) of this rule shall be approved by the Board prior to their execution by the Board President and Board Secretary.
Purchase of Real Property

580-50-015 The Executive Vice Chancellor [for-Facilities-Planning] or designee has authority to purchase real properties, with appropriate report to be made to the Board, subject to the following conditions:

(1) "Location". Properties shall be located within the Board-established projected campus boundaries of an institution. Property exchanges are subject to specific Board authorization.

(2) "Sources of Funds". Properties to be used principally as sites for educational and general construction or improvements, or principally for current educational and general use, shall be financed from funds available for these purposes, usually a state appropriation or proceeds from the sale of bonds issued under the provisions of Article XI-G of the Oregon Constitution. Properties to be used principally as sites for auxiliary enterprises construction or improvements, or principally for current auxiliary enterprises use, shall be financed from funds available for these purposes, such as proceeds from the sale of bonds issued under provisions of Article XI-F(1) of the Oregon Constitution or appropriate restricted funds.

(3) "Purchase Price". Purchases shall be made at prices based on current market values, determined by averaging two or more independent appraisals. Limit on each purchase shall be $[25,000]75,000.

(4) "Priority of Property Acquisitions". To the extent practical, purchases shall be made in the following priority order:

(a) Site for building construction or other improvement project for which funds are available;

(b) Unimproved property;

(c) Property with improvements having value materially less than the land;

(d) Sites intended for building or other improvement project for which construction authorization is expected to be sought from the Legislature at its next session, with a high priority assigned to the project;

(e) Property for which the owner plans costly improvements or other action which would materially increase the market value and cost to the Board if acquired later;

(f) Property offered for sale by owner.

(5) "Condemnation". Authorization to acquire real property by condemnation is subject to specific Board action.

Appointment of Professional Consultants

580-50-020 The Executive Vice Chancellor [for-Facilities-Planning] or designee is authorized to select and employ architects, engineers, planners, and such other professional consultants (collectively called "consultants" in this rule) in accordance with the following standards and procedures:

(1) The purposes of this rule are to assure that consultants are considered fairly for professional service contracts and that those selected will be highly qualified and to encourage excellence and cost consciousness on the part of consultants. The following factors shall be considered in evaluating and selecting consultants:

(a) Specialized experience, design talent and technical competence, including an indication of the planning process expected to be used for the work;

(b) Capacity and capability to perform the work, including any specialized services, within the time limitations for the work;

(c) Past record of performance on contracts with governmental agencies and private owners with respect to such factors as cost control, quality of work, ability to meet schedules, and contract administration;

(d) Availability to and familiarity with the area in which the work is located, including knowledge of design and construction techniques peculiar to it;

(e) Proposed cost management techniques to be employed.

(2) Each President shall designate a planning official who shall maintain a current roster of consultants interested in performing services for that institution. Consultants wishing to be considered for assignments at any institution may file a complete statement of qualifications and experience, in any desired format, with the planning official of that institution. This rule does not preclude consideration or selection of consultants not on an institutional roster.
(3) At least annually, in an Oregon newspaper of general circulation to consultants, the Executive Vice Chancellor [for Facilities Planning] or designee shall publish a notice stating in substance that copies of this rule may be obtained from the Board's [Office of] Facilities Division [Planning] and that consultants are invited to submit qualifications to the planning officials of the institutions for consideration. A copy of this rule and a list of the names and addresses of the institutional planning officials shall be provided to any consultant on request.

(4) For professional service contracts where the anticipated professional fee is $[5000]3,000 or less, the Executive Vice Chancellor [for Facilities Planning] or designee may authorize an appropriate institutional official to contract for such professional services with any qualified consultant.

(5)(a) For professional service contracts for minor capital improvements, rehabilitation and repair projects, feasibility studies and similar services, normally involving an anticipated professional fee of [5000 or less], than $50,000, except as in (4) above, the institutional planning official shall:

(A) Select at least [three] five consultants who appear to have the qualifications for and interest in the proposed assignment;

(B) Notify each such consultant in reasonable detail of the proposed assignment;

(C) Determine the consultant's interest in and ability to perform the proposed assignment.

(b) The institutional planning official may, but need not, arrange for such consultants to be interviewed by a panel, as provided in section (6) of this rule, and shall report to the Executive Vice Chancellor [for Facilities Planning] or designee as to the qualifications and interest of each such consultant and the institution's recommendation or preference for selection.

(6) For professional service contracts for capital construction projects (as defined in the Budget Preparation Manual of the Executive Department) and for retainer-type contracts of any nature, except in emergency situations, the institutional planning official shall select at least [seven] five consultants who appear to have the qualifications for and interest in the assignment. Each consultant selected shall be invited to interview for the assignment, and those who indicate interest shall be interviewed. The interview shall be conducted by a panel of at least three persons representing the President, the planning official, and the prospective users of the facility or those expected to request services under the provisions of the proposed retainer contract. Following the interviews, the institutional planning official shall report to the Executive Vice Chancellor [for Facilities Planning] or designee as to the qualifications and interest of each such consultant and the institution's recommendation or preference for selection.

(7) In the cases described in sections (5) and (6) of this rule, the Executive Vice Chancellor [for Facilities Planning] or a designee may interview any or all of the recommended consultants and shall select one consultant in accordance with the standards set forth in section (1) of this rule. The Executive Vice Chancellor [for Facilities Planning] or designee shall then negotiate a contract with the selected consultant, but if a mutually satisfactory contract cannot be agreed to, then the Executive Vice Chancellor [for Facilities Planning] or designee may select another from the recommended consultants.

(8) A report of all appointments under section (6) of this rule shall be made to the Board at the meeting following such appointments.

(9) This rule does not apply to amendments, modifications, or supplements to executed professional services contracts.

Prequalification for Public Improvements

580-50-030 [41. Pursuant to ORS 379.039(1) and OAR 127-40-030 of the Public Contract Review Board, the Department requires prequalification prior to bidding of all persons or firms desiring to bid for contracts for public improvements of the classes of work hereinafter specified which exceed $50,000 in estimated value. The prescribed prequalification application shall be submitted to the Vice Chancellor for Facilities Planning of the Oregon State Board of Higher Education, P.O. Box 3175, Eugene, Oregon 97403, or to a designee. Such application shall be submitted on forms prescribed by the Public Contract Review Board and may be submitted at

-395-
any time—Only one such application needs to be filed each year—it may be prepared as of any date selected by the prospective bidder, provided complete and accurate information is available. Applications which have been filed and are still current will be considered in determining prequalification status on bid invitations prior to the expiration of such applications.

(6) Blanket approval of prequalification with the Department will not be given for any period of time. Rather, a separate review will be made by the Vice-Chancellor for Facilities Planning or a designee for each construction project and contract under consideration in order to determine whether a prospective bidder is qualified to bid thereon.

(8) To qualify to bid on a particular project, if an application has been filed currently, then the prospective bidder must advise either the architect or engineer or the Vice-Chancellor for Facilities Planning in writing of the intention to bid on the particular project at least ten days prior to the date set for opening bids. If a current application has not been filed previously, then to qualify to bid on a particular project, the prospective bidder will be required to submit a prequalification application either to the project architect or engineer or to the Vice-Chancellor for Facilities Planning or a designee at least ten days prior to the date set for opening of bids. A prequalification application submitted less than ten days before the bid opening may be considered, but final action cannot be assured.

(4) Classes of work for which prequalification is required:
(a) Highway, Road and Street Improvements;
(b) Concrete Paving and Flatwork;
(c) Rock Crushing;
(d) Bituminous Ogging;
(e) Bituminous Paving;
(f) Reinforced Concrete Construction;
(g) Bridge and Overcrossing Construction;
(h) Dredging and Piledriving;
(i) Excavation and Grading;
(j) Sewer Construction;
(k) Sewage Treatment Plants;
(l) Sewage Pumping Stations;
(m) Water Lines;
(n) Water Reservoirs;
(o) Water Tanks–Steel;
(p) Water Tanks–Concrete;
(q) Electrical Wiring;
(r) Traffic Signalization;
(s) Outdoor Illumination;
(t) Building Construction;
(u) Building Alteration and Repair;
(v) Demolition and Related Excavation and Clearing;
(w) Painting of Buildings and Structures;
(x) Plumbing;
(y) Heating;
(z) Roofing;
(aa) Air Conditioning;
(bb) Irrigation and Sprinkling Systems;
(cc) Drainage;
(dd) Landscaping;
(ee) Other.

Board Discussion and Action

Mrs. Nelson questioned the rationale for increasing the dollar limit on the purchase price of real estate which can be authorized by the Executive Vice Chancellor. She said the use of the national Consumer Price Index really did not reflect real estate values in Oregon. In most of Oregon, the values have declined since 1980, with the possible exception of urban property of particular value. She said by exempting properties below $75,000, the Board would lose the opportunity to review the function for which the properties were intended.
In response to a request for clarification from Mr. Batiste, Mr. Lemman said the purchases below $75,000 would be reported to the Board. He added that the Board would not, in his opinion, lose control of the use or purpose for which the property was acquired because the staff only has authority to acquire property within the Board's established campus boundaries. Property exchanges would be subject to specific Board authorization.

Mr. Chao said he had been concerned also with the rationale for the increase in prices as a basis for the change. There was a brief discussion as to whether the volume of approvals now required or the time factor in consummating purchases were additional factors to justify the change.

It was moved by Mr. Chao and seconded by Mrs. Nelson that the proposed dollar amount be amended to reflect the current authorization limit of $25,000.

Mr. Alltucker inquired whether the action on the purchase of property would apply to eminent domain actions. Mr. Lemman indicated it would not because such actions require that a resolution be adopted by the Board.

The Board approved the amendment as presented, with the following voting in favor: Directors Adams, Alltucker, Chao, Clark, Nelson, Petersen, Schwab, and Batiste. Those voting no: Director Crowell.

Mr. Adams said OAR 580-50-020(4) and (5)(a) appeared to be in conflict with respect to amounts designated in those sections. He proposed adding the words, "except as under (4) above," following the amount of $20,000 in (5)(a).

It was moved and seconded that this amendment be approved. The following voted in favor: Directors Adams, Alltucker, Chao, Clark, Crowell, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

The Board then approved the staff recommendation and adopted the proposed amendments to Division 50, as modified by the Board. On roll call vote, the following voted in favor: Directors Adams, Alltucker, Chao, Clark, Crowell, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

**Staff Report to the Board**

The Western Interstate Commission for Higher Education (WICHE) and the graduate deans of the northwest states have agreed to develop a Northwest Doctoral Student Exchange Program which will enable a limited number of doctoral students enrolled at a participating institution in the northwest to study at a graduate institution in another northwest state at in-state tuition for a limited period of time to make available specialized resources. The specialized resource, in almost all cases, is a faculty member. The faculty member under whom the student wishes to study, as well as the student's advisor at the home institution, would have to approve the visit. Specifications for the arrangement were prepared by the graduate deans.

A public hearing was held on the proposed amendment on November 4, 1985, with Dr. Larry Pierce as the designated hearing officer. The public hearing was opened at the designated hour by Dr. Pierce. He asked if anyone wished to be heard for or against the proposed amendment. There being no response to his inquiry, he declared the public hearing closed.

**Staff Recommendation to the Board**

It was recommended that the Board adopt, by roll call vote, the following amendment to OAR 580-10-081(3), Waiver of Nonresident Instruction Fee:

580-10-081(3) Graduate students who are residents of a participating WICHE state enrolled in a WICHE regional graduate program or a WICHE northwest doctoral student exchange program at a department institution.
Board Discussion and Action

In response to a question from Mr. Chao concerning the financial impact of the proposed amendment, it was indicated there probably would be no additional cost because of the small number of students involved. The Chancellor said the real beneficiaries would be the students who would have opportunities which were not available in the home state.

The Board approved the staff recommendation as presented and approved the proposed amendment to OAR 580-10-081(3), Waiver of Nonresident Instruction Fee. On roll call vote, the following voted in favor: Directors Adams, Alltucker, Chao, Clark, Crowell, Nelson, Petersen, and Batiste. Those voting no: None. Director Schwab was absent from the meeting at this time.

Authorization to Increase Funding and Transfer Funds for School of Dentistry, Student Lounge, OHSU

Staff Report to the Board

On July 19, 1985, the Board authorized the reservation of $91,000 of excess building fee sinking funds for School of Dentistry, Student Lounge at the Oregon Health Sciences University.

Design of the facility has progressed to the point where more accurate cost estimates are available, and the total project budget is now estimated to require $95,000. The project is expected to be bid within the next 60 days and completed in early 1986.

The project involves completion of an area at the second floor over the south entrance to the Dental School building. The additional facility will be constructed on the existing roof deck.

Staff Recommendation to the Board

It was recommended that the Board approve an increase in the allowance for the School of Dentistry, Student Lounge at the Oregon Health Sciences University from $91,000 to $95,000, and authorize the transfer of $95,000 from excess building fee sinking funds into an expenditure account for the Oregon Health Sciences University.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Adams, Alltucker, Chao, Clark, Crowell, Nelson, Petersen, and Batiste. Those voting no: None. Director Schwab was absent from the meeting at this time.

Report of Badgley Gift, Donation of Timbered Land, EOSC

Staff Report to the Board

Esther L. Badgley, widow of Ralph E. Badgley former professor at Eastern Oregon State College, has donated a parcel of land to the College. The parcel contains approximately 205 acres of timbered land located about twelve miles south of La Grande. The land is for the benefit of Eastern Oregon State College and its students for laboratory use for the Science program or any other legitimate purpose and use. EOSC expects to use the land as a field station for the study of biology, botany, forestry and other educational purposes.

There are Deed restrictions on the use of proceeds from the sale of the property should EOSC decide to sell all or a part of the land. The proceeds must be used either for improvements to the remaining parcel if a portion is sold, or for a scholarship fund at EOSC.

Board Discussion and Action

The Board accepted the report as presented.
SUMMARY OF FACILITIES DIVISION ACTIVITIES, OFFICE OF ADMINISTRATION

Accessibility for the Handicapped, EOSC

Staff Report to the Board

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

Contracts for Professional Consulting Services

Soderstrom Architects, Portland, will provide the necessary architectural services for this project identified as Accessibility for the Handicapped (Inlow Hall Elevator) at a cost not to exceed $9,000. Funding for these services will be provided from General Funds authorized by the 1985 Legislature.

Rasco, Kirschbaum and Associates, Portland, will provide necessary architectural services for this project identified as Accessibility for Handicapped (Library) at a cost not to exceed $9,959. Funding for these services will be provided from General Funds authorized by the 1985 Legislature.

Schneider Museum of Art, SOSC

Matteson Architects, Portland, will provide necessary architectural services to complete the project at a cost not to exceed $6,000. Financing will be provided from gifts.

Schneider Museum of Art, SOSC

James A. McNamara, Ashland, will provide the necessary inspection services at a cost not to exceed $7,000. Financing will be provided from gifts.

Millrace Bridge Repair, UO

OBEC Consulting Engineers, Eugene, will provide the necessary engineering services at a cost not to exceed $5,000. Financing will be provided from Board's Reserve for Plant Rehabilitation and Minor Capital Outlay.

Inspection Services, UO

Gil Galles, Roofing Consultant, Springfield, will provide the necessary inspection services at a cost not to exceed $3,000. Financing will be provided from Board's Reserve for Plant Rehabilitation and Minor Capital Outlay (Deferred Maintenance).

Board Discussion and Action

The Board accepted the report as presented.

ITEMS FROM BOARD MEMBERS

Mr. Chao reported that the Special Committee on Ocate had met the previous day. The Committee heard a report from Roger Olsen, reviewed a draft of the mission for Ocate prepared by the Governor's Commission, and reviewed the charter for the special committee itself. It also discussed specific task assignments and schedules.

Mr. Chao said the current process calls for the Governor's Commission to review the draft of the mission statement with the advisory group and subsequently to present its recommendations to the Board, probably at either the December or January meeting.

Mr. Chao said the groups were making good progress, particularly in balancing the short-term, highly-focused needs of Washington County and the industry in Washington County with the broader needs of the statewide distribution of higher education and statewide economic development.

Mr. Alltucker reported that the joint planning committee had met last month and would be meeting again in November. He indicated that the time schedule was getting tight in terms of the amount of work to be done prior to the 1987 Legislative session.

Mrs. Nelson reported that in a recent meeting with Dr. T. K. Olson, Executive Director of the Educational Coordinating Commission, he had suggested that the Commission should be reviewing parts of the plan as the recommendations are completed.

-399-
Mr. Alltucker indicated he would be opposed to reviewing the plan on a piecemeal basis because a plan cannot be approved until all of the problems have been considered and the various parts have been assembled into an integrated plan.

ADJOURNMENT  The Board meeting was adjourned at 12:10 p.m.

Alvin R. Batiste, President

Wilma L. Foster, Secretary