MINUTES OF REGULAR MEETING OF THE
STATE BOARD OF HIGHER EDUCATION HELD
SEPTEMBER 9, 1988

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ADJOURNMENT 553
STATE BOARD OF HIGHER EDUCATION
MINUTES OF REGULAR MEETING HELD IN ROOM 338,
SMITH CENTER, PORTLAND STATE UNIVERSITY,
PORTLAND, OREGON

September 9, 1988

Meeting #568

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

ROLL CALL
The meeting was called to order at 1:15 p.m., September 9, 1988, by the President of the Board, Mr. Richard F. Hensley, and on roll call the following answered present:

Mr. Robert R. Adams
Mr. John W. Alltucker
Mr. Bob Bailey
Miss Kasey Brooks
Mr. Tom Bruggere
Mr. Mark S. Dodson

Mr. Gary Johnston
Mr. Rob Miller
Mr. George Richardson, Jr.
Mrs. Arlene Schnitzer
Mr. Richard F. Hensley

Absent: None.

OTHERS PRESENT

Centralized Activities—Chancellor W. T. Lemman; Secretary Wilma Foster; W. C. Neland, Executive Vice Chancellor; Larry Pierce, Vice Chancellor, Academic Affairs; John Owen, Vice Chancellor, OCATE; Ray Juran, Interim Vice Chancellor, Public Affairs; James Casby, Assistant Attorney General; Melinda Grier, Compliance Officer; Davis Quenzer, Associate Vice Chancellor, Fiscal Policies; R. S. Perry, Associate Vice Chancellor, Administrative and Information Systems Services; Steve Katz, Controller; Gary Eggwine, Assistant to Executive Vice Chancellor; Holly Zanville, Associate Vice Chancellor, Academic Affairs; Joe Sicotte, Associate Vice Chancellor, Personnel Administration; Ron Anderson, Assistant Vice Chancellor, Personnel Administration; Virginia Thompson, Special Assistant to Chancellor; Jim Lockwood, Assistant to Vice Chancellor, Public Affairs; James Payne, Assistant Vice Chancellor, Academic Affairs; J. Richard Pizzo, Assistant to Vice Chancellor, Academic Affairs; Jim Sellers, Director of Communications.

Oregon State University—President John Byrne; Ed Coate, Vice President, Finance and Administration; Graham Spanier, Vice President for Academic Affairs and Provost; Keith Moby, Assistant to the President; Stefan Bloomfield, Assistant to the President.

University of Oregon—President Paul Olum; Larry Large, Vice President, University Relations; Norman Wessells, Provost.
Oregon Health Sciences University—President Peter Kohler; Bob Koler, Interim Vice President, Academic Administration; Ralph Tuomi, Assistant Vice President, Facilities Management; Lois Davis, Director, Governmental Relations; Margaret Berroth, Professor and IFS representative.

Portland State University—President Natale Sicuro; Roger Edgington, Vice President, Finance and Administration; Frank Martino, Provost; Oma Blankenship, Professor and IFS representative.

Eastern Oregon State College—President David Gilbert; James Hottois, Dean of Academic Affairs; Kelly Yenser, Director, Development.

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

Southern Oregon State College—President Joseph Cox; Ernest Ettlich, Dean of Academic Affairs; Ronald Bolstad, Dean of Administration; Gary Pricett, Dean of Development and College Relations; Robert McCoy, Director, CIS and President of AOF.

Western Oregon State College—President Richard Meyers; Bill Neifert, Dean of Administration; Richard Walker, Assistant to the Provost.

Others—Ted Molinari, Member, Regional College Task Force; Richard Davidson, Officer, Homestead Neighborhood Association, Portland; Jack Baxter, Chairman, Regional College Task Force; Patrick Byington, Campus Coordinator, OSPIRG; Susan Morse, Executive Director, Oregon Student Lobby; Howard Smith, Architect.

M.S. Degree in Staff Report to the Committee (Revised Proposal) Engineering Technology, OIT Last spring, Oregon Institute of Technology submitted a proposal to establish a new graduate program in engineering technology effective Fall Term 1990.

The staff recommended approval of the new program under the following conditions:

1. The Board authorizes Oregon Institute of Technology to offer graduate-level programs;

2. The Board approve Oregon Institute of Technology’s standards for staffing the program;

3. The Board submit a separate budget request for the program, including a continuing base budget commitment of approximately $300,000 a year to support the new program;
4. The Legislature actually appropriates $775,965 to implement the program.

At its June meeting, the Board denied Oregon Institute of Technology's request for a new master's degree program in engineering technology. Members were worried about the relatively high cost of the program, the effects the new program would have on the funding of Oregon Institute of Technology's undergraduate programs, and the timing of the request.

President Blake revised the proposal to respond to some of the Board members' concerns. He then discussed the revised proposal with Mr. Hensley and Mr. Alltucker. Both agreed to put the request back on the September Board agenda.

Enclosed are the original staff analysis, a summary of the rationale for a new graduate degree program at Oregon Institute of Technology, and a revised program proposal.

The proposal is essentially the same proposal that the Board considered in June. The budget has been refined. President Blake now believes he can raise an additional $243,000 for equipment from private sources. He also plans to mount a private fund-raising campaign to help pay for some of the program's operating costs.

President Blake is also prepared to use existing resources to fund the new graduate program if the Legislature fails to appropriate new funds for the proposed program. He would do this by reducing undergraduate enrollment by three students for every two students admitted to the graduate program.

There are several issues that the Board should address. First, where will the new money come from to sustain a graduate program at Oregon Institute of Technology? The program requires approximately $300,000 a year for operating expenses. If the Legislature does not provide the funds, which it appears unlikely to do this biennium, the money must come from existing programs. That means a reduction of support for other programs at Oregon Institute of Technology or a redistribution of funds from other institutions to Oregon Institute of Technology.

Second, in light of possible major budget reductions over the next two years, is this an appropriate time to add a new graduate program at Oregon Institute of Technology? If the State System is required to absorb salary increases within its current budget, programs, students, and faculty will have to be cut. Put another way, if Oregon Institute of Technology had to cut 100 FTE students, would it still want to add the graduate program?
Staff Recommendation to the Committee

The staff still recommended approval of the Master of Science Degree Program in Engineering Technology at Oregon Institute of Technology only on the condition that new funds are appropriated by the Legislature for the program. Without new funding, the new program will either weaken Oregon Institute of Technology’s undergraduate technology programs or create pressures to reallocate resources from other institutions for the new program.

Discussion and Recommendation by the Committee

Dr. Pierce presented the staff report and recommendation and invited President Blake to explain to the Board the reasons he believed the Board should reconsider its June decision.

President Blake said Oregon Institute of Technology was one of two special purpose institutions in the State System and the only accredited polytechnic college in the Pacific Northwest north of California Polytechnic State University in San Luis Obispo and west of Brigham Young and Weber State Universities in Utah.

President Blake indicated an introductory statement was added in the revised proposal to clarify some of the issues. Additional data also was included. The proposal is viewed as a good and necessary step for the benefit of students in order to give them the opportunity to go beyond the baccalaureate degree in engineering technology and into a graduate program. It is also a good step for the State of Oregon.

President Blake described briefly the development of accreditation in engineering and engineering technology. There are now 94 colleges which offer engineering technology in the United States. Several of those have started to offer the master’s degree during the past ten years. He also cited data added to the report on the increased remuneration and employment opportunities for master’s degree graduates in engineering technology.

With respect to the costs for the program, President Blake said the program would be fully funded in both the A and B budgets as part of the institution-specific program requests. The budgets include an allocation of $530,000 for Oregon Institute of Technology to cover operating costs and part of the equipment costs. He indicated he could virtually guarantee the balance of approximately $200,000 for equipment costs would come from industry. The proposed degree would be beneficial also in obtaining applied research contracts.

President Blake stated the Regional Economic Development Strategy submitted to the Governor by Klamath County had the establishment of a master’s program at Oregon Institute of Technology as a high priority.
Mr. Bruggere commented that he had no questions about the tremendous need for engineering graduates but he would like further elaboration with respect to the duplication issue relative to computer science and electrical engineering at Oregon State University and the University of Oregon's degree in computer science.

President Blake said the distinction between applied and theoretical engineering had been maintained very carefully at the baccalaureate level and the same thing should occur at the master's level. He said the staff had worked very closely with the deans at the three universities and had encountered no questions with respect to duplication.

Mr. Bruggere asked whether President Blake had explored the possibility of saving money by sharing programs between Oregon Institute of Technology and Oregon State University, the University of Oregon, and OCATIE, either through video or travel arrangements. President Blake responded that this had not been possible as yet but may soon be available through some of the new technologies.

Mr. Bruggere then inquired if students would enter the master's program from other places or would come primarily from the undergraduate program at Oregon Institute of Technology.

President Blake indicated students from Oregon Institute of Technology would be predominant but they would come from the other 94 institutions as well.

Mr. Bruggere said the need was evident and his company deals with the shortage daily. There is a tremendous shortage of graduates in computer science and electrical engineering which is expected to continue over the next few years. The only question is one of resolving the issues of cost and duplication satisfactorily.

Mr. Hensley asked Mr. Bruggere about his reaction from the standpoint of industry to the displacement of undergraduate students to undertake new graduate programs if the funding remained the same.

Mr. Bruggere said that was a difficult choice because it is difficult to eliminate students who would otherwise get into a program. However, master's degree engineers are substantially more valuable than engineers with a bachelor's degree, because there is more training in a specific discipline.
Mr. Hensley asked Mr. Johnston to comment from the student’s viewpoint. Mr. Johnston said there had been claims the proposed degree would hurt the undergraduate programs but he believed it actually would enhance the undergraduate activities with the added research and capabilities of the new program. He said he would not want to duplicate programs or waste scarce resources but he thought the graduate program at Oregon Institute of Technology would benefit the State System as a whole and the State of Oregon.

Mr. Bailey asked for further clarification with respect to the budget. President Blake said he agreed with the staff recommendation that the proposal should go forward only with General Fund budgeting. Once this program is approved, the $530,000 presently in the budget request for Oregon Institute of Technology would be designated for the master’s degree. It is presently designated for improvements for laboratories in several other programs, and these would become the second highest priority.

Mr. Dodson said from the explanation of the differences between applied and theoretical programs, he would assume the proposed master’s program would complement the work at Oregon State University and there would be no duplication. He also asked why graduates from Oregon State could not meet the same needs as the graduates from the proposed OIT program.

President Blake said it was correct there would be no duplication. The proposed program was designed on the basis of advice of advisory groups from business and industry to meet a specific need of applied engineers. Students at Oregon Institute of Technology would spend about 50% more time in the laboratory in four years than students at Portland State and Oregon State. Consequently, the OIT graduates are very knowledgeable as a hands-on engineer.

Mr. Bruggere commented that it would be very difficult to explain that distinction during legislative hearings.

Dr. Owen said there basically was a distinct difference between engineering and engineering technology which was quite clear to those in both fields but probably not as clear to people on the outside. The two fields are accredited separately and are not the same thing. The programs complement each other and are not designed either for the same student or the same job upon graduation.

Mr. Alltucker said students with the master’s degree in engineering technology could be expected to be ready immediately to perform assigned duties on the job. Students from one of the theoretical universities would be long on theory and short on practical experience, thus needing more time to gain the hands-on experience. In five years, the technology graduate would be doing
the same thing unless that person filled in the theoretical background. The person who has the broad engineering theory and sees the relationship between the different disciplines could be shifted into some other part of the activity.

Dr. Owen said this was still an over-simplification of a subtle difference between the two types of training. He also disagreed with the description of the training of theoretical engineers because they often spend many hours on projects in the laboratories which may not be designated as such. In response to a question from Mr. Miller, Dr. Owen indicated there would be no conflict with some of the proposed new relationships between Portland State University and the Oregon Graduate Center.

Mr. Alltucker expressed a willingness to support the proposal if some method could be devised for verifying that the funding would represent a shifting of funds rather than an increase in state funding. He indicated he did not anticipate there would be any new state funding. His support was based on his understanding with President Blake that the program was of major importance to the institution, the individuals, the community, and economically to the state.

President Blake said the staff report indicated the master’s degree would be funded only if funds were appropriated. If they do not and some way could be found to implement the program without quality damage, a proposal would be brought back to the Board. Such a proposal might involve quantity damage.

Mr. Alltucker said the consensus was the state would be better served by having 45 students in the graduate program than having 66 students in the undergraduate program in these particular disciplines.

Mr. Richardson pointed out the staff recommendation suggested that approval of the program was contingent only on the condition new funds were available. He asked President Blake whether he was in agreement with that or was still arguing that in the event no funds were provided the three for two reduction would be considered.

President Blake said there would be consideration of reducing the number of undergraduates to fund the master’s but he would want to bring the Board a very careful proposal at that time because he would not want to damage the quality of the institution and its service to students and the state.

Mr. Hensley stated his understanding with President Blake in again placing the proposal on the Board’s agenda was that the program was contingent on the receipt of new funds.
Mr. Bruggere said a major factor in his supporting the program was the potential for an area outside of one of the really metropolitan areas of the state to do some things potentially for economic development.

Mr. Alltucker expressed an additional concern about approving the program based on funding at the legislative level because it invites competition and legislators are critical of the Board when they get conflicting testimony from persons representing higher education. President Blake assured Mr. Alltucker he would be a team player at the Legislative Session. He noted that the institutionally specific funds were those allocated to the three regional colleges and Oregon Institute of Technology.

Mr. Hensley said procedurally the report of the Committee action on the staff recommendation would be received at the Board meeting. The proposal would then be placed on the consent agenda for October. If further discussion were desired, it would be placed on the agenda for further review; if not, it would be passed through the consent agenda procedure.

Dr. Pierce proposed the staff recommendation be modified to conclude at the end of the first sentence. He said it would be his understanding that, if the Legislature did not provide funds for the program, President Blake would return to the Board with a plan for funding the program and to seek authorization to move ahead with it.

Mr. Adams indicated he would expect this to happen in due course, and it was agreed the staff recommendation would conclude at the end of the first sentence.

Mr. Bailey said he was very supportive of the program but was concerned the statement implied the Legislature would make the final decision. The Board should determine whether one program was more valuable than another one.

The Chancellor said the affirmative appropriation of dollars would permit the program to proceed without further review by the Board. The lack of an appropriation would not give a legislative indication of disapproval but would mean merely there was no funding being provided specifically for it. It would enable the Board to make the judgment Mr. Bailey just discussed. The president would return to the Board with a proposal either for funding within the institution or seeking reallocation from total Board resources. It was understood also that, if the Legislature were to provide only a portion of the funding, President Blake would return with a plan for funding the program from various sources before initiating it.

There was a brief further discussion of the concerns expressed by Mr. Bailey.
The Committee recommended that the Board approve the staff recommendation and place the program on the consent agenda for the October Board meeting. It was understood President Blake would return with a plan for funding the program if the Legislature appropriated only part of the funding.

**Board Discussion and Action**

Mr. Alltucker presented the report and recommendation of the Committee, noting that it might be necessary to address the mission statement of the institution if the program were implemented. He said the Committee had not considered the fact that in approving the allocation of new funding for this program, it would essentially place the master’s degree ahead of previously determined priorities for faculty salaries and centers of excellence.

The Chancellor said the Board’s budget request includes funding for new programs and improvement or staffing of others. The action would not change the priorities the Board has already established and will continue to follow.

Mr. Adams said the Board must consider whether the funding for this that comes from the Legislature would be in displacement of other programs within the State System and how this would affect them.

The Chancellor said the funding being requested was in one of the institution-specific items within the Board’s budget. There were also other Board priorities which remain. If there is to be another reallocation, either from within the institution or from a lump sum appropriated to the Board, that would have to occur at a later date and would be an explicit decision with respect to that issue.

The Board approved and received the report and placed the item on the consent agenda for the October meeting. The following voted in favor: Directors Adams, Alltucker, Bailey, Brooks, Bruggere, Dodson, Johnston, Miller, Richardson, Schnitzer, and Hensley. Those voting no: None.

**MINUTES APPROVED**

The Board dispensed with the reading of the minutes of the last regular meeting held on July 15, 1988, and approved them as previously distributed. The following voted in favor: Directors Adams, Alltucker, Bailey, Brooks, Bruggere, Dodson, Johnston, Miller, Richardson, Schnitzer, and Hensley. Those voting no: None.
The Chancellor reported that earlier this year Dr. James Ashbaugh
of Portland State University had filed a formal grievance against
the Dean of the College of Liberal Arts and Sciences. He sub-
sequently filed a grievance appeal with the Board and, at his
request, that review was postponed while he was on leave. There
has been a resolution of the grievance and the appeal has been
withdrawn. The matter has been resolved and no further action by
the Board is required.

D. M. Witter, Jr., as Vice President for Administration at the Oregon Health
Sciences University, effective September 1, 1988, at an annual
salary of $95,400, and subject to the regular terms and condi-
tions of appointment. The Chancellor indicated that following a
national search and evaluation of the candidates, three finalists
were interviewed on campus, and President Kohler then recom-
ended the appointment of Mr. Witter.

President Kohler stated Mr. Witter was uniquely qualified for
this particular position. The Vice President for Administration
at the Oregon Health Sciences University must have qualifications
different from other academic institutions. The person must have
a very strong grasp of how a hospital must be run effectively in
carrying out the complex mission of the Oregon Health Sciences
University.

The Board approved the recommendation, with the following voting
in favor: Directors Adams, Bailey, Brooks, Bruggere, Dodson,
Johnston, Miller, Richardson, Schnitzer, and Hensley. Those vot-
ing no: None. Director Alltucker was absent from the meeting at
this time.

The Chancellor invited the presidents of Eastern Oregon State
College and the University of Oregon to introduce new members of
their staffs.

President Gilbert introduced Mr. Kelly Yenser, the first Develop-
ment Officer for Eastern Oregon State College. Mr. Yenser comes
to Oregon from Kansas and has previously been at Grinnell College
and Pittsburgh State.

President Olum introduced Dr. Norman Wessells, the new Provost at
the University of Oregon. He came to Oregon from a position as
Dean of the College of Humanities and Sciences at Stanford Uni-
versity. He is a distinguished and nationally-known biologist.

The Chancellor indicated that earlier in the year the Board had
received a letter from Governor Goldschmidt advising that he was
prepared to allocate $500,000 from the state's strategic reserves
to the Board, to be used by the Oregon Center for Advanced Tech-
nology Education in drafting and financing an agreement with the
Oregon Graduate Center to provide instructional services to the
people of Oregon. The services were designated particularly for those in the geographic location of Portland. An agreement has been completed, and the Chancellor said he expected to sign the contract within a few days. Among its major provisions, it would allow the State System to contract with the Oregon Graduate Center to furnish instructional services for about forty courses during the 1988–89 academic year. Implementation would depend upon the Governor's making the indicated funds available. There would be no support for research out of this allocation, and the agreement specifically provides that continuation beyond this academic year would be dependent upon legislative appropriation. The Board's recommended budget to the Governor contains an increase of $1 million in the biennial budget for OCATE for this purpose.

The Chancellor stated the agreement further provides that the Governor, upon consultation with the President of the Oregon Graduate Center and the President of the Board of Higher Education, would nominate three Board members in October of 1988 for the Board of Trustees for the Oregon Graduate Center. The board of the Oregon Graduate Center and the Governor will jointly nominate three additional board members in February 1989. The course credits will be fully acceptable and transferable both to the Oregon Graduate Center or to the institutions in the State System from which those courses will come.

The Chancellor commended the staff for having reached this agreement. He said it represents an important step in the cooperation between the public and private higher education enterprise.

Mr. Hensley said this was exciting news for higher education in the State of Oregon and represented a first step in developing a cooperative effort in the metropolitan area of Portland for networking all of higher education in that region.

The Chancellor reported the Office of Administration had received several responses to its Request for Proposals for the telecommunications system for the State System. The system involves both voice and data communications. The response was extraordinarily good in terms of price. The low proposal was from AT&T. The material was presented to the Joint Legislative Data Processing Committee on September 8. The committee not only accepted it but commended the staff on the very successful Request for Proposals process. An agreement will be signed with AT&T in the very near future.

The 1987 Legislature approved the Department of Higher Education's appropriation bill (SB 5007), including a recommendation that the Board of Higher Education establish a task force to
study the role of Oregon's regional colleges. The Budget Note directed the task force to complete its study during the 1987-88 interim and report its findings to the Board of Higher Education and the appropriate legislative review agency before the Sixty-fifth Legislative Assembly convenes.

The task force was appointed on November 13, 1987. It has completed its study and is ready to present its report to the Board of Higher Education. A copy of the report of the task force is on file in the Board's Office.

Staff Comments

The major issue addressed by the task force was whether the regional institutions should be designated universities. The task force examined this issue with great care and thoroughness. Nine of the 12 members finally came to the conclusion the students and the citizens of Oregon would be best served by developing a new classification of institutions, called regional universities.

The Board's Internal Management Directives (1.031) state that "Any change in the name of an institution proposed by an institution shall be submitted to the Board for approval. If approved, the Board will submit the request to the Legislative Assembly."

In 1983, Southern Oregon State College requested that name be changed to Southern Oregon State University. The request was withdrawn because of a lack of support among Board members. At the present time, no institution has made a formal request that its name be changed.

In developing its report and recommendations, the task force received testimony and ideas primarily from individuals associated with the three regional institutions. So far, the State System's universities and the general public have not been asked for their comments on the name change issue.

Staff Recommendation to the Committee

The staff recommended that the Board accept the report of the Task Force on Regional Colleges and commend its members for the many hours of hard work they put into the study. The staff also recommended that the Board ask the Committee on Instruction to schedule a hearing on the task force report so that other interested parties have an opportunity to comment on the report and recommendations. The hearing should be scheduled during the October Board meeting so that a decision can be made by the Board in December.
Discussion and Recommendation by the Committee

Mr. Jack Baxter, Chairman of the Task Force on Regional Colleges, presented the report of the Task Force. He noted the members of the Task Force came from throughout the state. Meetings were held in southern, western, and eastern Oregon, and in the cities of Portland, Eugene, and Bend. He described the procedure followed by the Task Force in developing its report and stated the final report was circulated to task force members for comment or alterations. He said it was his belief the three who voted against the principal recommendation to change the designation of the three regional colleges to universities had found sufficient expression of their negative view in the body of the report to satisfy them that the report should go forward.

Mr. Baxter commented that initially many of the task force members were superficially at least of the opinion there should not be a name change at the regional colleges. He said the members were perhaps influenced by the history of the budget notes which seemed regionally based and by negative comments by the Governor and the media. However, in attempting to focus on the essential nature of the institutions and their place in the national, regional, and state structures of higher education, the task force realized there was substance to the concept of a name change that warranted serious study rather than an off-hand dismissal. He described the reactions to the proposal from the institutions concerned.

Mr. Baxter stated the executive summary was reasoned and explicit and the product of long hours of work, the result of which is the recommendation that the names of the three regional colleges be changed to universities. In the opinion of the members of the task force, the specific names chosen should reflect the regional character and mission of the institutions. Mr. Baxter said that, given the restrictions outlined in the report under which this change would be made, the results would be on the favorable side. The institutions, students, faculty, and economic areas would gain. The public also would gain in that the name change would describe these institutions more accurately. He said the existence of the single-purpose undergraduate institution and the proliferation of community colleges (which perhaps should have been called vocational schools) made it logical to differentiate those institutions from those whose undergraduate degrees were more diverse and who granted degrees at the master’s level.

Mr. Baxter said the issue of a statewide university system was too large an issue for the task force to consider within the timeframe allotted. In addition, there is an eminently workable governance system as it is now constituted, and the statewide university system was viewed as a non-issue. The task force recommended the matter not be pursued at this time.
A third area of discussion dealt with economic development as it related to the regional institutions. This section of the report was prepared by a member of the task force experienced in the field of regional economic development.

Mr. Baxter said the task force had expanded its charge somewhat to include regional education as well as regional institutions because there are areas of the state that are important population and economic centers but are not geographically accessible to post-secondary education. Those areas have many place-bound secondary graduates and continuing-education adults, but it is not feasible to establish a new resident campus-type college in those locations. Bend and Coos Bay are two such areas. For some time, Bend has had a consortium-type offering in higher education through Central Oregon Community College, serviced by such institutions as Linfield, Lewis and Clark, University of Oregon, Oregon State University, Portland State University, and the University of Portland. The task force believed this approach should be recognized and tested, both as a means of serving that particular region and as a possible prototype for establishment in other areas as a means to provide maximum education service at minimum cost.

Mr. Alltucker said in reading the report his impression was that most of the persons who testified had a specific interest in encouraging the name change. He asked if that impression were correct. Mr. Baxter responded that the supporters certainly were out in force.

In response to a question about estimates of cost, Mr. Baxter said costs were expected to be minimal for changing stationery and signs because the institutions have indicated they did not want a mission change or to grant doctoral degrees.

Mr. Adams inquired whether there were people speaking against the proposal at the hearing. Mr. Baxter said none opposed the change at Southern Oregon State College. At Western Oregon State College, opposition was expressed initially because the institution was viewed as a small family-type organization, a perception which might be lost if it became a university. Subsequently, there was support for the change. Eastern Oregon State College considered the change unnecessary unless the other institutions became universities. If they did, Eastern would want to have the same designation in order to avoid a competitive disadvantage. Dr. Pierce said correspondence was about equally divided on the issue of the name change.

Mr. Alltucker said he had understood Russell Sadler, a member of the task force, to say that he still felt the name change was a subterfuge which would not change anything in the daily operation of the university or college. However, he was persuaded it would.
be a good idea for two reasons. First, evidence was presented to
the task force that it was typical practice for corporations to
sort employment applications into two groups—those who graduated
from a college and those who graduated from a university. After
selecting all they wanted from the university group, they would
look at the college group. Mr. Sadler also said most foreign
countries will not provide scholarships to foreign students com-
ing to America to study in the regional colleges but would for
those wishing to study in universities.

Mr. Richardson requested further explanation of the rationale of
the task force relating to the second provision in the executive
summary with respect to the retention of the current relationship
for salary and financial support between the colleges and the
current three universities. He said it would appear that rela-
tionship could change at the Board's discretion irrespective of
the change in name.

Mr. Baxter indicated the recommendation was made on the basis the
institutions would remain as regional, non-doctoral, non-research
institutions. It would be the Board’s responsibility to see that
they stay that way. The Legislature should not circumvent the
Board in this regard and also should see that they retain their
current missions.

Mr. Richardson said he was thinking more in terms of financial
support rather than mission, and Mr. Baxter stated that to a
degree they go together.

The Chancellor said the Budget Allocation System Model was based
on programs and the levels of programs, not on titles. For that
reason, the change in title should have no impact on the finan-
cial support.

Dr. Pierce said the BAS Model had a differential salary structure
between the universities and the regional colleges. The recom-
mandation resulted from a concern the institutions would seek the
same average salary calculation as the universities if the name
were changed. The provision was intended to specify there would
be no change in those relationships unless the Board decided to
do so for other reasons.

Mr. Dodson referred to the statement that the task force had not
discussed the concept of a single statewide university and asked
Mr. Baxter to comment further. Mr. Baxter said the task force
had decided it was such a major change that there would not be
enough time to investigate the idea in sufficient depth. If the
Board wished to pursue that point, another committee or task
force should address the question.

Mr. Hensley inquired whether the task force had sought opinion
from representatives of the existing universities with respect to
the name change for the regional colleges. Mr. Baxter indicated
the hearings were open meetings and no one had appeared. The task force had been asked to study the institutions themselves to determine whether they should be called a university. Also in response to a question concerning testimony or participation by legislators in districts having regional colleges, Mr. Baxter said there were some legislators in attendance at Southern Oregon State College.

Mr. Bruggere questioned the statement that the employment applications of graduates from colleges and universities were considered separately. Mr. Baxter said the statement had been made at the Southern Oregon State College hearing by either a businessman or a personnel officer.

Mr. Bruggere said, in his opinion, the distinction between a college and a university was much stronger outside of the United States than it was within the United States. He then referred to the statement that half of the mail was opposed to the change and asked what reasons had been given in those letters. He said he viewed the concept that changing the name was a subterfuge as being somewhat naive in terms of what one would be trying to accomplish.

Mr. Baxter said he did not fully agree 50% of the correspondence was opposed to the name change. Some of the comments were similar to those in the press that the change was merely name inflation. The current nomenclature represents name deflation in that the institutions are at university status by current definition and practice. There was also speculation that the three institutions would want to become something more and it would cost a lot of money at a time when there is not enough money for what already exists. He said this argument was merely speculation and presumed neither the Board nor the Legislature would keep the institutions in line.

Dr. Pierce said it had also been argued the name change would detract from the status of the current universities. Mr. Baxter said the task force believed the current universities had established their places and capabilities and could take care of themselves.

Mr. Adams said the Board would expect to receive comments from the universities at a proposed hearing.

Mr. Hensley said this had been a major issue in southern Oregon for several years and he had attended several meetings prior to the appointment of the task force. Proposers of the change have stated that with the nomenclature of university, there would be no loss of industry coming to the area because southern Oregon did not have a university. He said he had asked repeatedly for a list of companies that had not come to southern Oregon for that reason and had yet to receive his first name of such a business.
He asked whether anything had materialized in the hearings as far as identifying companies that did not come into these regions because of not having a university.

Mr. Baxter said he did not recall any but he was not sure those testifying necessarily would know if a business chose another location because of the lack of a university.

Mr. Hensley said he had gone beyond the hearing group and asked the Chamber of Commerce if they could identify any business or industry which did not come to southern Oregon because there was no university. No business was identified from any group.

Mr. Miller questioned the statement that the college versus university designation was a disadvantage in obtaining federal grants. He said he had not found this to be true in other situations and asked if there were any examples.

Mr. Baxter indicated Ms. Anne Berblinger, a member of the Task Force from Portland, had stated this was a factor in a federal program which she administers and that is available only to universities. Dr. Pierce stated faculty people testified that it would be easier for them to be more competitive in applications for grants and contracts if they were applying from a university rather than from a college. It would also be an advantage in doing consulting or fee-for-service work. These statements were impressionistic and supported by very little data.

In response to a question from Mr. Bruggere concerning the next sequence of events relative to this report, Mr. Hensley indicated the staff recommendation proposed that the Board receive the report and assign it to the Committee on Instruction for a hearing during October. The Instruction Committee would report to the Board in December with its recommendation. The Board would pass that recommendation to the appropriate legislative committee since the Legislature has final authority to make the decision. The hearing would include comments from the State System's university presidents and perhaps others to be certain that all sides of the issue were fairly represented.

Dr. Pierce indicated the legislation required the Task Force to report to an appropriate legislative committee before the beginning of the next Legislative Session. The Joint Interim Committee on Education has a hearing on September 23. Mr. Baxter will be presenting the Task Force report at that time.

Mr. Bruggere said he had the impression the recommendation was mildly positive rather than one that was supported enthusiastically.
Mr. Baxter said he was very supportive of the position to change the name to university in each instance. He described the reactions of Task Force members, some of whom changed from thinking it was not a good idea to being supportive of the change with varying levels of enthusiasm.

Mr. Hensley said he had met the previous day with university and college presidents of the State System. One of the things discussed was the topic of the Bend area included in the Task Force report. The Bend issue appeared to be an addition to the original charge to the Task Force by the Legislature. The presidents recommended the Bend area be considered as a separate issue and that the Board appoint a committee to review the matter as a separate question from the regional college name change. He asked if Mr. Baxter or his committee would have any objection to the Board’s doing that or would object if the Board removed it from the report as it worked its way through the Legislature.

Mr. Baxter replied it was certainly the Board’s prerogative to appoint such a committee and the Task Force would commend it to the Board’s attention. However, the statements pertaining to Bend would remain in the Task Force report when it was presented to the Legislature.

Mr. Alltucker commented that it seemed most of the reasons in favor of the name change were based on hopes for future economic advantage. He said after the next hearing he would be impressed more by documentation than by opinion.

Mr. Baxter said the economic basis was not a fundamental reason but one of many. He said the more persuasive factor to the Task Force was the almost universal practice across the United States for institutions of this type, with diverse undergraduate offerings and master’s degrees, to be called universities. A second major factor was the advantage for students by providing a more equal opportunity for graduates.

Mr. Hensley thanked Mr. Baxter and the members of the Task Force for the many hours of effort devoted to this subject.

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

Board Discussion and Action

Mr. Adams presented the report and recommendation of the Committee. Mr. Hensley noted that the intent was to receive the report and forward it to the Committee on Instruction for a hearing in October and subsequent report to the Board in December. He also
directed the staff to separate the recommendations in the report of the Task Force with respect to the Central Oregon item. A Board committee will be appointed to review this matter separately from the regional college issue.

The Board approved the Committee recommendation, with the following voting in favor: Directors Adams, Bailey, Brooks, Bruggere, Dodson, Johnston, Miller, Richardson, Schnitzer, and Hensley. Those voting no: None. Director Alltucker was absent from the meeting at this time.

Staff Report to the Committee

Introduction

Oregon State University seeks authorization from the Board to eliminate 31 instructional programs. The institution seeks the authority to eliminate some 20 degree programs while modifying 11 others into existing majors. If approved, the programs would begin to be eliminated in 1988-89 and phased out in such a manner that currently enrolled students would be able to complete their degree requirements.

Internal Management Directive (IMD) 2.001(1) states that the Board shall act on institutional requests for program deletion. In addition, Oregon Revised Statute (ORS) 351.200 states that the Board "may direct the elimination of duplicate work from any institutions . . . ."

Over the years, the Board has repeatedly stated that program and curricular planning includes not only the identification of unmet educational needs and the development of instructional programs to meet those needs, but it also includes the responsibility to evaluate in some systematic way and to reduce or eliminate those programs whose continuance cannot be justified at their current level. It is in accordance with this policy of the Board that Oregon State University request authorization to eliminate and modify the programs outlined below.

Staff Analysis

The Board's policy on program closures, suspensions, and eliminations calls for the closure, suspension, and elimination of those programs whose loss would cause the least damage to the institution and the State System. This policy was set forth in May 1981 as the Board addressed the issues of program quality, institutional closure, and student access to higher education. The Board endorsed the following policy statement:
Programs of marginal quality, or where the cost of maintenance or upgrading is disproportionate to the importance of the program to the mission of the institution and the State System, may be eliminated.

All of the programs Oregon State University plans to eliminate no longer are in demand by students or industry, or cannot continue to be offered at a level of high quality.

The Departments of Crop Science, Botany and Plant Pathology, and Entomology are offering an option in Pest Management which has given rise to the need to eliminate the B.S. in Plant Management for Plant Protection. The M.S. program in Manpower Development Training is a carryover from an old federal manpower training program that has been discontinued. The emphasis in Driver Education is being eliminated because it is no longer needed. The B.S. in Industrial Hygiene is being eliminated because it no longer meets the broad needs of industry and private business. The College of Home Economics indicates that the demand and resources do not warrant the continued offering of the M.S. and Ph.D. degrees in Food Systems Management.

The professional degrees in engineering have not been requested by a sufficient number of students to justify their continuance. For the most part the students major in a specific engineering field while pursuing a B.A., B.S., M.A., M.S., or Ph.D. degree in engineering. The College of Engineering has dropped all of the undergraduate technology degree programs since they are being offered by Oregon Institute of Technology. The College is also eliminating the M.Agr. in Agricultural Engineering Technology due to low enrollment.

The College of Forestry is eliminating the B.S. in Forest Products, Option in Wood Science, because it no longer meets the needs of industry or interested students. The School of Education wants to eliminate the M.S. in Teacher Education—Graduate Teaching and the M.S. in Social Science Education because the M.S. in Ed. and M.Ed. degrees provide students with more timely opportunities. In addition, all future graduate programs will need to be consistent with the new five-year teacher education training programs being developed at Oregon State University.

Programs to be eliminated:

1. B.S. in Pest Management for Plant Protection
2. M.S. in Manpower Development Training Act/Counseling
3. Driver Education Emphasis
4. B.S. in Industrial Hygiene
5. M.S. and Ph.D. in Food Systems Management
6. A.E. in Agricultural Engineering
7. Ch.E. in Chemical Engineering
8. C.E. in Civil Engineering
9. E.E. in Electrical Engineering
10. I.E. in Industrial Engineering
11. M.E. in Mechanical Engineering
12. Met.E. in Metallurgical Engineering
13. Min.E. in Mining Engineering
14. N.E. in Nuclear Engineering
15. M.Engr., Master of Engineering
16. B.A. and B.S. in Nuclear Engineering Technology
17. M.Agri. in Agricultural Engineering Technology
18. M.S. in Teacher Education: Graduating Teaching
19. M.S. in Social Science Education
20. B.S. in Forest Products, Option in Wood Science

The Colleges of Agricultural Sciences, Business, Forestry, Liberal Arts, and Science have all incorporated their preprofessional programs into existing majors. The College of Forestry has also incorporated the Ph.D. in Forestry and Related Sciences into the other doctoral degree programs in Forest Engineering, Forest Management, Forest Products, and Forest Science.

The College of Home Economics has eliminated the need for the B.S. in Family Resource Management by incorporating the undergraduate program into the Family Finance and Consumer Studies major. The M.S. and Ph.D. in Human Development and M.S. and Ph.D. in Family Studies have been incorporated into the graduate degrees in Human Development and Family Studies. The M.S. degree program in Apparel and Textile Design has been incorporated into the M.S. in Apparel, Interiors, and Merchandising. The B.S. degree curriculum in Child Development has been incorporated into the B.S. degree programs in Family Studies, Human Development, and Early Childhood Education. The needs of students and the profession can be better served by this change.

Programs to be incorporated into other degree programs:

1. Ph.D. in Forestry and Related Sciences
2. B.S. in Family Resource Management
3. M.S. and Ph.D. in Human Development
4. M.S. and Ph.D. in Family Studies
5. M.S. in Apparel and Textile Design
6. B.S. in Child Development
7. Pre-Agriculture Program
8. Pre-Forestry Program
9. Pre-Business Administration Program
10. Pre-Computer Science Program
11. Pre-Liberal Arts Program

Program Review

The request being presented by Oregon State University has been reviewed in light of the Board’s policies in respect to program elimination, the institution’s assigned mission, need for the programs, the individual program situations, the cost to maintain
high quality programs in these areas, and the impact the elimination of these instructional programs will have on Oregon State University's ability to carry out its responsibilities within the State System. The requests have been considered by the Academic Council and given their support.

The requests have also been considered by the academic officers of the independent colleges and universities. The elimination of these programs by Oregon State University will not impact adversely the programs offered within the State System or those offered at the independent institutions.

Staff Recommendation to the Committee

The staff recommended that the Board authorize Oregon State University to eliminate the instructional programs outlined in the staff report of this document, effective Fall Term 1988-89.

Discussion and Recommendation by the Committee

Dr. Pierce explained that Oregon State University had undergone some major reorganizations in the review of their academic programs. As a result of that review, authorization is sought to eliminate 31 instructional programs, 20 of which would eliminate degree programs and 11 would be incorporated in other academic programs.

Dr. Spanier described the long-range planning process which led to the presentation of the request. Following the development of the long-range plan, a curriculum review was undertaken which resulted in changes to the general education curriculum called the baccalaureate core. Implementation will begin in the fall of 1990 and coincides with planning for the calendar conversion at that time. He indicated the requested changes will have minimal impact on the institution from either a substantive or budgetary standpoint.

Mr. Adams commended Oregon State University on the process and the proposal, indicating this request was perhaps the first of several the Board may consider over a period of time. He noted that some of the future requests for eliminations might be harder and have more opposition.

Dr. Spanier indicated the deans now were in a second phase of program review and reduction which would involve the hard cases with significant budgetary and programmatic impact on the institution. Planning from this second phase will be valuable if further budget cuts and internal reallocations become necessary.

There was a brief discussion of assistance given to displaced faculty when programs are eliminated. Dr. Spanier indicated every effort was made to assist people by shifting them to fill
needs elsewhere in the institution. However, in situations involving eliminations for financial reasons, the intent would be to eliminate the positions entirely.

Mr. Hensley asked whether any elimination of programs would promote the possible filing of a grievance under current procedures in the event any tenured faculty were displaced.

The Chancellor stated the Board had existing procedures in its Administrative Rules governing the manner in which the rights of tenured faculty were observed when programs were reduced or eliminated. Those procedures would be followed and, if a faculty member were dissatisfied with the results, that person could file a grievance protesting that particular action. In several of the proposed eliminations there is no faculty reduction because there may be other programs remaining in a particular field. The C.E. in engineering, for example, is to be eliminated, but the baccalaureate degree in civil engineering remains.

Dr. Spanier said it was important to point out to students and the public that in some instances a program is being eliminated but there should be no undue concern the institution is giving up its interest in a particular area. Many are outdated degrees and the catalog should not state the institution has the ability to offer these degrees when it does not offer them. If a need were to develop in the future, a request could be made to reactive a particular program, but the catalog should only list the programs the institution has the ability and interest to offer.

Mr. Adams suggested publicizing any elimination of duplications of programs in other places, together with any possible savings which might result.

The Committee recommended that the Board approve the staff recommendation as presented. The item was placed on the October consent agenda following assurance from Dr. Spanier that timing was not a problem.

**Board Discussion and Action**

Miss Brooks presented the report and recommendation of the Committee, and Mr. Hensley indicated it would be placed on the consent agenda for October.
Authorization
To Proceed
with Hospital
& Clinics Reha-
ilitation &
Alterations,
1987-89: 6-C N,
Surgery Expan-
sion; 5-C Medi-
cal/Surgical
Beds and Hemo-
dialysis Unit,
UHS, OHSU

Staff Report to the Committee


The rehabilitation and alterations program is described in a comprehensive plan for the hospitals and clinics, published in 1985. This plan continues to be the accepted program for improvements within the hospitals and clinics.

Two items are recommended at this time: An expansion of the surgery at floor 6-C North in University Hospital South (UHS) at an estimated project budget of $3,160,000; and improvements to medical/surgical patient facilities and to a hemodialysis unit at floor 5-C, UHS, at an estimated project cost of $775,000.

Each project will be funded from proceeds of Article XI-F(1) bonds, with debt service from hospital and clinic revenues. It is expected the bonds to fund these projects will be sold in October 1988. Presuming State Emergency Board expenditure authorization in November, these projects will be advertised and contracted around the first of 1989.

The surgery expansion at 6-C North will continue the program of consolidation of surgical services into Hospital South. This specific project will complete three new operatories, along with necessary support spaces within the C-North wing currently under construction. Cardiopulmonary transplant, liver transplant, and orthopedic services will be the focus of use of these spaces.

The renovation of the medical/surgical unit on 5-C permits remodeling of the existing hemodialysis unit to a six-bed unit, recognizing the decreased use following the opening of an off-campus outpatient hemodialysis unit. This will permit the creation of two two-bed patient units. Other spaces freed by the overall hospital and clinics improvements programs will be changed to two one-bed patient rooms, together with the ancillary patient care amenities.

Staff Recommendation to the Committee

The staff recommended that the Board authorize the staff to direct the Oregon Health Sciences University and its consultants to proceed through completion of design, preparation of construction documents, bidding, and contract award, subject to the authorization of the State Emergency Board, for (1) expansion of a surgery at 6-C North, UHS, within an expenditure limitation of $3.16 million; and (2) for remodeling in the medical/surgical unit at 5-C UHS, within an expenditure limitation of $775,000. Limitations are authorized within Chapter 595, Oregon Laws 1987. Funds shall come from proceeds of Article XI-F(1) bonds.
Discussion and Recommendation by the Committee

Mr. Dodson inquired about the impact of this contract in connection with minority business enterprises, and Mr. Neland responded that his office was experiencing a steadily increasing level of participation, typically exceeding the Board's goals. At Portland State, there has been excellent success. Three of the low bidders on the last bid at the University of Oregon exceeded the goals in each instance. On a recent bid at Monmouth, none of the bidders exceeded the goal, but on Portland projects very good participation is expected. The only problem may be if availability of minority contractors is depleted by work. The convention center contract, for example, could consume a number of the available minority contractors.

Mr. Hensley inquired about the responsibility for payment of the costs through bidding if the project were not approved by the Emergency Board.

Mr. Neland said the problem of having a project denied when this point had been reached had not yet occurred. The Chancellor stated the Emergency Board, as a practical matter, would almost be required to release the amount of money to cover expenses to date. Mr. Neland indicated the statutes permit incurring costs for planning and design. The magnitude of exposure at the time of Emergency Board action would be approximately $600,000.

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

Board Discussion and Action

Mr. Dodson presented the report and recommendation from the Committee.

The Board approved the Committee recommendation, with the following voting in favor: Directors Adams, Bailey, Brooks, Bruggere, Dodson, Johnston, Miller, Richardson, Schnitzer, and Hensley. Those voting no: None. Director Alltucker was absent from the meeting at this time.

Staff Report to the Committee

In December 1987, the Committee on Finance, Administration, and Physical Plant discussed favorably the proposed changes to the campus boundaries for the Oregon Health Sciences University, although action was neither requested or taken. Specifically, the changes addressed the requirements of additional property to assure a functional bridge of land between the north and south campus zones; and addressed the propriety of bringing the long-held Keller tract into the campus.
A report to the Committee on Finance, Administration, and Physical Plant was scheduled for discussion at the July 1988, meeting but was withdrawn to provide additional opportunity for discussions between the Health Sciences University administration and the neighbors who would be impacted, either by land acquisition or by future developments. Those discussions were held, and the University has proposed a revised boundary change to accomplish its basic mission of completing a connection between the north and south campus areas.

The north campus zone of the Oregon Health Sciences University — the site of the University hospitals and clinics, Baird and MacKenzie Halls, the Vollum Institute, and the Basic Sciences Building — is a densely developed area. On the other hand, the south campus zone, adjacent to the Veteran’s Administration Hospital, and containing structures such as the Child Development and Rehabilitation Center and the Portland Hearing and Speech Center, is largely undeveloped.

One of the major deterrents to development of the south campus zone has been the lack of transition activities and support facilities which would link the two major zones. The deterrent to developing such links is the lack of land ownership in the area generally bounded by S. W. Veterans Hospital Road. The parcel of 1.07 acres is not presently within the campus boundaries, and it is proposed in this request to amend the boundaries to include it.

It appears appropriate at this time to bring within the boundaries a parcel of land bequeathed to the Oregon Health Sciences University by the late Ira Keller. The parcel, containing 8.38 acres, is at the southwest corner and contiguous to the present campus.

Addition of both parcels would increase the approved campus area to approximately 125.33 acres, including land in private, state, and city of Portland ownership.

The Board’s Office is in receipt of a letter dated August 24, 1988, from C. K. Claycomb, Chair of the Homestead Neighborhood Association. The letter includes this statement: "In essence, the Homestead Neighborhood Association presently supports OHSU’s request to include the Ira Keller land and the East side of S. W. Veterans Hospital Road in their campus boundaries."

In evaluating the transition parcel and the general impact of development in the west and south areas on the adjacent neighborhoods, the University staff was assisted by Architects Garfield & Hacker, Portland, and by a team of Portland State University graduate students under the direction of Michael S. Harrison, Instructor of the Urban Studies and Planning Comprehensive Planning Workshop at PSU in the Winter Quarter, 1987. Mr. Harrison is also the Chief Planner for the City of Portland.
One of the possible outcomes of the study, as well as the architectural evaluation, would be implementation of a university district at the Oregon Health Sciences University, similar to that established at Portland State University and approved by the Board in June of this year. Another assured outcome is a cooperative relationship with the adjacent neighborhoods and a continuing communication to resolve problems, dispel rumors, and provide current information on the plans of the University.

Actual acquisition of land within the Veterans Hospital Road parcel will proceed within the constraints of willing sellers at fair market values and availability of appropriate resources.

**Staff Recommendation to the Committee**

The staff recommended that the Board approve the revised boundaries for the Oregon Health Sciences University as described in the report.

**Discussion and Recommendation by the Committee**

In describing the site, Mr. Tuomi indicated the Ronald McDonald House, two apartments, and three smaller units were included in a portion of the area. Mr. Neland stated there was no current or long-range intention the institution would acquire the Ronald McDonald House because it was supportive of the institution and would be protected.

Mr. Neland said that bringing the properties within the campus boundaries represented perhaps an implied contract to acquire them at a fair price, if there were a willing seller and available resources. Recommendations to increase the boundaries of institutions are made with care because of the expectations the expansion raises with landowners and the inability at times to acquire them at the proper time because of scarce resources.

Mr. Hensley recognized Mr. Rich Davidson who had indicated he wished to comment on the proposal. Mr. Davidson said he had been a property owner and neighbor of the Oregon Health Sciences University for 13 years and had been involved in the management and ownership of student housing for almost all of those years. He also said he was an officer of the Homestead Neighborhood Association but was speaking on his own behalf rather than that of the Association. He said he believed the university foundation either had acquired all of the properties or made arrangements with all of the property owners at this time.

Mr. Davidson expressed support for developing a university district to the west of the Veterans Hospital Road that would have typical university district facilities, mixed residential units, and commercial operations that could become a well-coordinated
development as the University grows. He emphasized the essential need for infrastructure in the area owned by the University to the south. Costs would be shared proportionately between state and private land owners.

In commenting on the Board's acquisition of properties within the proposed boundaries, Mr. Neland said the university foundation had offered to acquire them for resale to the state at the time they are needed as building sites. A process is being developed by which the university foundation would purchase the properties as an investment with no contractual commitment on the part of the Oregon Health Sciences University to buy them from the foundation. The foundation would be free to dispose of the properties at any time in the event they were not purchased for use by the University or the foundation no longer considers them to be an appropriate investment.

Mr. Neland assured the Committee there was no implied or positive commitment by the Board or the institution to be involved further in any contractual way or to any financial obligation.

Mr. Dodson commended Mr. Neland, the Neighborhood Association, city officials, and others for the cooperation exhibited in the development of the proposal.

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

Board Discussion and Action

Mr. Johnston presented the report and recommendation of the Committee. He emphasized the importance of alleviating the congestion in the north part of the campus.

The Board approved the Committee recommendation, with the following voting in favor: Directors Adams, Bailey, Brooks, Bruggere, Dodson, Johnston, Miller, Richardson, Schnitzer, and Hensley. Those voting no: None. Director Alltucker was absent from the meeting at this time.

Increase in Expenditure Limitation:
4-C Radiation Therapy Remodel, UHS, OHSU

Staff Report to the Committee

In January 1988, the Emergency Board authorized the expenditure of up to $760,000 of Article Xr-F(1) bond proceeds to enable the Oregon Health Sciences University to proceed with remodeling at floor 4-C, University Hospital South (UHS) for radiation therapy. A major thrust of the remodeling was to prepare the space to accept a linear accelerator to be provided by the Veterans Administration Medical Center (VAMC) as a part of the continuing cooperation between the two institutions.
When the project was advertised for bids in May 1988, there was no response from any of the nine general contractors holding plans. The common explanation was that the extended time of the project, required by working in and around a functioning unit, impacted on bonding and other costs, leading to general disinterest. Because of the pending arrival of the linear accelerator, an emergency was declared and the Department of General Services authorized the Oregon Health Sciences University staff to negotiate a contract with a selected contractor.

The factors of time because of phasing, increased scope, and cost of safety radiation shielding resulted in a direct construction contract of $838,059, instead of the originally estimated $535,000 and a total project cost of $1,130,000, instead of the $760,000 originally authorized. It is necessary, therefore, in order to allow the project to proceed to completion to seek an increase in the expenditure limitation by the Emergency Board at its November meeting of $330,000 in Other Funds from the limitation remaining for Hospitals and Clinics Rehabilitation and Alterations.

Staff Recommendation to the Committee

The staff recommended the Board authorize the staff to seek the approval of the Emergency Board at its November 1988 meeting to increase the expenditure limitation of Other Funds for the 4-C Radiation Therapy Remodel, UHS, OHSU, from $760,000 to $1,130,000 within Chapter 595, Oregon Laws 1987.

Discussion and Recommendation by the Committee

In response to questions from the Committee concerning reasons for the cost over-run, Mr. Neland said part of the costs resulted from the items mentioned in the report. It also appears the consultant substantially underestimated the actual cost of doing the work.

Mr. Bruggere requested Mr. Neland to explain how the construction cost over-run process worked and indicate whether the Board ever had a choice to approve projects under these conditions.

Mr. Neland said the State System actually did very well in that only about 2% of the projects needed some adjustment while 98% are brought in within the budget. This is an excellent record in that the budgets are prepared as much as two years before bids are sought. They are based on a number of factors, many of which involve estimates of future conditions. Unfortunately, all of the problem situations must return to the Board and the Emergency Board. Instead of approving such projects, the Board also has the alternatives of reducing or abandoning them.
Mr. Neland explained that abandoning this project would mean foregoing the $2.5 million gift. The scope of the project had been defined specifically to accomplish only the essentials. A third choice was to redesign and rebid the facility, thus extending the time. The facility might not be ready to receive the equipment and it would have to be stored and rehandled at some expense. He indicated that many times projects are stopped at the bidding process, when the bids exceed the resources. The architect is directed to redesign and rebid it, if the staff believes it was the architect's error in designing beyond the budget.

Mr. Neland reviewed the steps which were taken to determine the cause when no bids were received at the time the project was first placed for bid. Some of the reasons were the extended period of time under difficult working conditions and at a time when plenty of work was available. The alternatives were evaluated and the present recommendation appeared to be the best in this particular instance.

In response to a question about operating costs, President Kohler indicated the costs of operating the equipment would be met from the funds it generated. Mr. Tuomi stated the revenue stream generated by the expansion of these facilities would be more than sufficient to take care of the increased bonding and operating costs that will be incurred. No additional patient fee increase will be required for any of these projects.

With respect to staffing, Mr. Neland said ultimately there will be a net reduction within the hospitals. The Chancellor stated all of these projects were in the budget review by the Ways and Means Committee and the staffing is in the approved staffing plan.

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

Board Discussion and Action

Mr. Dodson presented the report and recommendation from the Committee.

The Board approved the Committee recommendation, with the following voting in favor: Directors Adams, Bailey, Brooks, Bruggere, Dodson, Johnston, Miller, Richardson, Schnitzer, and Hensley. Those voting no: None. Director Alltucker was absent from the meeting at this time.
Staff Report to the Committee

Oregon State University has recommended acceptance of the schematic design for Agricultural Sciences II building, and requests authorization to proceed with completion of design, construction, and occupancy of the project, within a total project budget of $24,785,000.

Agricultural Sciences II was authorized by the 1987 Legislative Assembly within the appropriations contained in Chapter 721, Oregon Laws 1987. The appropriation anticipated $15,085,000 to be divided equally between the General Fund and bonds authorized under Article XI-G of the Oregon Constitution and a federal construction grant of $10,000,000. It now appears the federal grant has been authorized at a total of $9.7 million, and the project has been adjusted accordingly.

The building will be among the largest constructed by the State System in recent years, with approximately 203,000 gross square feet on four primary levels. A fifth floor level will provide a mechanical penthouse and support facilities in animal care and plant support. A partial basement will be provided for mechanical rooms and storage. As design progresses and cost estimates become firmer, the opportunity to extend the basement under the whole building will be reconsidered.

The building will be of steel frame, with brick veneer and terra cotta accents. The roofs will be standing seam, integrally flashed and guttered. Exterior glazing will be solar reflective, double glazed with thermal break frame. Interior finishes will be typical, with plastic laminate casework at the laboratories. Casework will be modular, tied by snap connections to perimeter chases.

The project is expected to be advertised for bids in May 1989, and constructed over a two-year period, with occupancy completed before the start of fall instruction in 1991. A Capital Project Presentation form accompanies this report.

Staff Recommendation to the Committee

The staff recommended that the Board accept the schematic design of Agricultural Sciences II building for Oregon State University, within an expenditure limitation of $24,785,000 provided within Chapter 721, Oregon Laws 1987; and that staff be authorized to direct the institution and its consultants to proceed through completion of design, preparation of construction document, bidding, and contract award, subject to the authorization of the State Emergency Board.
Discussion and Recommendation by the Committee

Mr. Adams declared he had a conflict of interest on this particular project because of his firm's participation in it. Mr. Alltucker indicated he would not vote on this project because of his personal philosophy not to vote on building projects on campuses where his firm had business.

In response to questions concerning financing and operational costs, Mr. Neland indicated the project budget had been adjusted in accordance with the funds available. Operational costs will be requested for the 1991-1993 biennium.

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

Board Discussion and Action

Mr. Richardson presented the report and recommendation from the Committee.

The Board approved the Committee recommendation, with the following voting in favor: Directors Adams, Bailey, Brooks, Bruggere, Dodson, Johnston, Miller, Richardson, Schnitzer, and Hensley. Those voting no: None. Director Alltucker was absent from the meeting at this time.

Amendment of QAR 580-40-025, Traffic Regulations, Parking Fees, and Enforcement Fines

ORS 352.360 authorizes the Board of Higher Education to adopt rules and regulations governing traffic and parking at the institutions and to appoint peace officers to enforce those rules and regulations. This statute has been in effect for several years.

The Board has delegated to the institution presidents, the rule-making authority articulated in ORS 352.360. This delegation is contained in QAR 580-40-025, Traffic Regulations, Parking Fees, and Enforcement Fines. There is some question whether the Board has delegated to the presidents authority to appoint the peace officers described in the statute. Assistant Attorney General Jim Mattis has reviewed the Board's rules and is of the opinion that the delegation is implied in QAR 580-40-025(1) although it is not explicit. Campus security directors have long assumed their officers do not have the authority to issue traffic tickets for moving violations on the campus. With the exception of OSU, where security officers have peace officer authority because they are deputized by the Benton County Sheriff, the lack of authority to issue traffic tickets creates a problem at all of the campuses. The problem is of particular concern at the Oregon Health Sciences University and other institutions in heavily populated areas.

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The proposed amendments to OAR 580-40-025 will clarify that the authority to appoint peace officers for purposes of enforcing institution rules and regulations governing traffic and parking is delegated to the institution presidents. This will allow use of the peace officer authority established by statute without requiring Board action to appoint each officer who is to be granted that authority.

A public hearing is scheduled for Tuesday September 6, 1988, at 10:00 a.m. to receive comment on the proposed rule amendment. Melinda Grier is the Board’s designated hearings officer.

Staff Recommendation to the Committee

The Board’s staff recommended that, following consideration of any comments received at the September 6 hearing, the Board adopt the following amendments to OAR 580-40-025:

Traffic Regulations, Parking Fees, and Enforcement Fines

580-40-025 (1) The Board delegates to [each] institution presidents the authority and responsibility to enact such rules and fines as are deemed necessary and desirable to provide for policing, controlling, regulating, and enforcing traffic and parking of motor vehicles and bicycles on property owned by or under the control of the Board. The Board also delegates to institution presidents the authority granted in ORS 352.360(5) to appoint peace officers for the purpose of enforcing institution rules governing traffic and parking.

(2) Parking fees shall be charged at any institution where Article XI-F(1) bond proceeds have been used to finance the cost of acquiring parking sites or to make improvements thereto. Parking fees shall also be charged even though borrowed funds were not obtained if the operating and maintenance cost is $6 or more per parking space per year.

(3) When fees are to be assessed to users of automotive parking facilities, the rate of charge and income to be produced shall be in such an amount which, with interest income, will provide sufficient funds to cover all operating and maintenance costs and also meet bond debt service and reserve requirements where applicable.

(4) Institutional accounts are not to be charged for parking space furnished to employees for personally-owned automobiles. A charge may be made against a department, however, where parking space is furnished to a person with a privately-owned vehicle who is rendering service for the benefit of the department with no compensation, such as volunteer doctors at the Oregon Health Sciences University.
(5) Institutions shall adopt rules concerning the operation and parking of bicycles on property owned by or under the control of the Board. The rules shall clearly state where bicycle parking will be permitted and where it will not be allowed. Penalties for violations may be proposed.

(6) All traffic and parking rules approved by the President must be filed with the Executive Vice Chancellor no later than September 1 of each year.

(7) Rules must remain in effect for at least one full calendar year following adoption unless prior approval is obtained from the Executive Vice Chancellor.

Discussion and Recommendation by the Committee

In presenting the report, Ms. Melinda Grier indicated that no one had attended the public hearing on the proposed amendments and no comments had been received.

Mr. Johnston inquired whether peace officer status would allow these officers to carry hand guns. Ms. Grier indicated that was a separate issue subject to the Board’s discretion. The proposed amendments would authorize the peace officers to issue traffic citations and permit certain kinds of searches which they might want to conduct. The Chancellor stated the Board’s policy had been that campus security people would not be armed in any way with the occasional exception of carrying cash to banks. The delegation of authority to appoint peace officers would not permit the presidents to authorize arming individuals.

There were several questions from Board members related to the issuance of tickets, the extent of search authority for peace officers, any costs involved, the definition of peace officers, training, and the relationship of this proposal to the statutory authority granted to peace officers.

With respect to searches, the peace officers would be able to do a limited search if all the other constitutional or statutory requirements were met. It was also pointed out the Administrative Rule was in the section on traffic and parking regulations and was related primarily to traffic situations.

The Chancellor said many of the campus security officers voluntarily have taken the course designed for peace officers and security officers through the Board of Police Standards and Training. It includes a major portion of the regular course and another portion designed especially for people dealing with young people in campus situations.
Miss Brooks pointed out that the proposed amendments were not creating peace officers or giving them additional authority. They were merely giving the presidents authority to appoint them instead of bringing the individual names to the Board for action.

Mr. Alltucker commented that traffic control officers in metropolitan areas were instructed not to detain an erratic driver without a backup and he hoped the presidents in those areas would be very careful in the instructions given the State System's peace officers.

Miss Brooks said she did not like to see the issue of the statutory authority of peace officers interfere with the Board's allowing presidents to appoint peace officers because she did not think the Board wanted to appoint individual peace officers every time. The appointment has nothing to do with their jobs. It merely relates to their employment.

The Chancellor and Mr. Casby stated that even though the statutory authority for peace officers is broader than that intended for campus security officers, that authority can be limited at the time of appointment by the areas included in the position description, in this case primarily duties in traffic regulation.

The Committee recommended that the Board approve the staff recommendation as presented and adopt the proposed amendments on roll call vote.

Board Discussion and Action

Mr. Bruggere presented the report and recommendation from the Committee.

The Board approved the Committee recommendation and adopted on roll call vote the amendments to OAR 580-40-025, Traffic Regulations, Parking Fees, and Enforcement Finds. The following voted in favor: Directors Adams, Bailey, Brooks, Bruggere, Dodson, Johnston, Miller, Richardson, Schnitzer, and Hensley. Those voting no: None. Director Alltucker was absent from the meeting at this time.
Resolution for Sale of Article XI-F(1) Bonds

Staff Report to the Board

To continue the financing of the legislatively-approved 1987-1989 Capital Construction Program for the State System, it is necessary to proceed with an additional sale of bonds authorized under Article XI-F(1) of the Oregon Constitution.

The sale, scheduled for 9:00 a.m., October 11, 1988, will have an aggregate principal amount of $26,225,000. The sale will be identified as Series 1988C.

To proceed with the advertisement and receipt of bids, it is necessary that the Board adopt a resolution by a roll call vote.

Copies of the resolution will be provided to members by the Secretary of the Board.

Staff Recommendation to the Board

The staff recommended that the Board adopt the resolution authorizing the sale of $26,225,000 of Article XI-F(1) bonds as Series 1988C.

Board Discussion and Action

In presenting the report, Mr. Neland indicated the bids would be considered during a conference call, and Mr. Hensley announced the call would be at 11:00 a.m. on October 11, 1988.

The Board approved the staff recommendation and adopted the resolution which appears on the following pages. On roll call vote, the following voted in favor: Directors Adams, Bailey, Brooks, Bruggere, Johnston, Miller, Richardson, Schnitzer, and Hensley. Those voting no: None. Director Dodson abstained and Director Alltucker was absent from the meeting at this time.
RESOLUTION

WHEREAS, THE STATE BOARD OF HIGHER EDUCATION OF THE STATE OF OREGON (the "State") deems it necessary, pursuant to law, including Article XI-F(1) of the Constitution of the State of Oregon, Chapter 640, Oregon Laws 1985, Chapter 866 and Chapter 595, Oregon Laws 1987, and applicable provisions of Oregon Revised Statutes Chapters 286, 288 and 351, to sell State Board of Higher Education General Obligation Building Bonds, 1988 Series C (Governmental Purpose), of the State of Oregon, in the principal amount of $26,225,000 to provide for the acquisition of land and for the planning, constructing, altering, repairing, furnishing and equipping of buildings and facilities of the Department of Higher Education (the "Projects"), and for payment of costs incident to the sale and issuance of the bonds; and

WHEREAS, THE STATE, as required by ORS 351.160, has determined conservatively that said bonds issued under authority of Article XI-F(1) of the Oregon Constitution will be wholly self-liquidating from revenues to accrue from the operation of the Projects and other facilities or from gifts, grants or building fees, or from other unobligated revenues as shall be allocated by the State; and

WHEREAS, THE STATE is authorized and directed by ORS 351.170 to establish for projects financed from Article XI-F(1) bonds such rates, charges and fees for use of such buildings, structures or projects, including revenue-producing buildings and structures already constructed, as, in the judgment of the State, shall provide the required revenues to make the new buildings, structures, or projects self-liquidating and self-supporting, and as shall provide the funds with which to amortize the principal of and pay the interest on bonds issued to finance such buildings, structures or projects; now, therefore,

BE IT RESOLVED BY THE STATE BOARD OF HIGHER EDUCATION OF THE STATE OF OREGON AS FOLLOWS:

Section I. Issue. For the above purposes, the State of Oregon shall issue its State Board of Higher Education General Obligation Building Bonds, 1988 Series C, in the amount of Twenty-Six Million Two Hundred Twenty-Five Thousand Dollars ($26,225,000), to be dated October 1, 1988, to be in denominations of Five Thousand Dollars ($5,000) or integral multiples thereof, to bear interest payable on April 15 and October 15 of each year until maturity or prior redemption, commencing April 15, 1989, and to mature serially in numerical order on October 15 of each year as follows:
<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>$540,000</td>
<td>2004</td>
<td>$730,000</td>
</tr>
<tr>
<td>1990</td>
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<td>2005</td>
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<tr>
<td>1991</td>
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<tr>
<td>1994</td>
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<td>2009</td>
<td>855,000</td>
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<tr>
<td>1995</td>
<td>995,000</td>
<td>2010</td>
<td>925,000</td>
</tr>
<tr>
<td>1996</td>
<td>410,000</td>
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<tr>
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</tr>
<tr>
<td>2000</td>
<td>550,000</td>
<td>2015</td>
<td>1,340,000</td>
</tr>
<tr>
<td>2001</td>
<td>585,000</td>
<td>2016</td>
<td>1,435,000</td>
</tr>
<tr>
<td>2002</td>
<td>625,000</td>
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<td>1,545,000</td>
</tr>
<tr>
<td>2003</td>
<td>670,000</td>
<td>2018</td>
<td>1,650,000</td>
</tr>
</tbody>
</table>

**Section II. Optional Designation of Term Bonds and Mandatory Redemption.** Bidders may designate one or more term bonds. Term Bonds must consist of two or more consecutive maturities, and must mature on the maturity date of the last of the consecutive maturities in an amount equal to the sum of the consecutive maturities. Term bonds shall be subject to mandatory redemption at par and by lot, in the amounts and on the dates of the consecutive maturities shown in the preceding section. If no term bonds are designated in the successful bid, the bonds will mature serially on the schedule indicated above.

**Section III. Optional Redemption.** The bonds maturing after October 15, 1998, are subject to redemption prior to maturity at the option of the State in whole on any date and in part on any interest payment date on or after October 15, 1998, at a price of par plus accrued interest to the date fixed for redemption.

**Section IV. Extraordinary Redemption.** The bonds are subject to extraordinary redemption at par plus accrued interest, on October 15, 1991, solely from, and to the extent of, any proceeds of the bonds which remain unexpended on that date.

**Section V. Notice of Redemption.**

A. Unless waived by any holder of bonds to be redeemed, official notice of any such redemption shall be given by the State's paying agent and registrar (the "Registrar") on behalf of the State by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the bond or bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Registrar, and otherwise given as required by law.
B. In the case where the Depository Trust Company ("DTC") is acting as securities depository for the bonds and less than all bonds of a maturity are to be redeemed, the Registrar shall notify DTC not more than 45 days prior to the date fixed for redemption of the maturity to be redeemed. DTC shall determine by lot the principal of the maturity of bonds to be redeemed of each DTC participant's interest in such maturity to be redeemed.

C. All official notices of redemption shall be dated and shall state:

1. the redemption date,
2. the redemption price,
3. if less than all outstanding bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the bonds to be redeemed,
4. that on the redemption date the redemption price will become due and payable upon each such bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
5. the place where such bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Registrar.

Prior to any redemption date, the State shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the bonds or portions of bonds which are to be redeemed on that date.

D. Official notice of redemption having been given as aforesaid, the bonds or portions of bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the State shall default in the payment of the redemption price) such bonds or portions of bonds shall cease to bear interest. Upon surrender of such bonds for redemption in accordance with said notice, such bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any bond, there shall be prepared for the registered owner a new bond or bonds of the same maturity in the amount of the unpaid principal. All bonds which have been redeemed shall be cancelled and destroyed by the Registrar and shall not be reissued.

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E. In addition to the foregoing notice, further notice shall be given by the Registrar as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

1. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all bonds being redeemed; (B) the date of issue of the bonds as originally issued; (C) the rate of interest borne by each bond being redeemed; (D) the maturity date of each bond being redeemed; and (E) any other descriptive information needed to identify accurately the bonds being redeemed.

2. Each such further notice shall be published one time in The Bond Buyer of New York, New York or, if such publication is impractical or unlikely to reach a substantial number of the holders of the bonds, in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the bonds, such publication to be made at least 30 days prior to the date fixed for redemption.

3. Upon the payment of the redemption price of bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the bonds being redeemed with the proceeds of such check or other transfer.

Section VI. Security. The full faith and credit of the State are pledged to the successive owners of each of the bonds for the punctual payment of such obligations, when due. The State shall levy annually, as provided by law, a direct ad valorem tax upon all of the taxable property within the State in sufficient amount, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and all other monies reasonably available for the payment of debt service on the bonds, to pay the bonds promptly as they mature, and the State covenants with the owners of its bonds to levy such a tax annually during each year that any of the bonds, or bonds issued to refund them, are outstanding.

Section VII. Form of Registered Bonds. The State may issue the bonds as one or more typewritten, temporary bonds which shall be exchangeable for definitive bonds when definitive bonds are available. The bonds shall be in substantially the following form:
UNITED STATES OF AMERICA
STATE OF OREGON
STATE BOARD OF HIGHER EDUCATION
GENERAL OBLIGATION BUILDING BOND
1988 SERIES C
(GOVERNMENTAL PURPOSE)

MATURITY DATE
INTEREST RATE PER ANNUM
REGISTERED HOLDER
PRINCIPAL AMOUNT

DATED DATE October 1, 1988
CUSIP
DOLLARS

THE STATE OF OREGON (the "State"), for value received, acknowledges itself indebted and hereby promises to pay to the registered holder named above, or registered assigns, the principal amount hereof on the above maturity date together with interest thereon from the date hereof at the rate per annum indicated above. Interest is payable semiannually on the fifteenth day of April and the fifteenth day of October in each year until maturity or prior redemption, commencing April 15, 1989. Interest upon this bond is payable through the fiscal agency of the State of Oregon, which currently is The Chase Manhattan Bank, N.A., in the City and State of New York (the "Registrar") by check or draft; checks or drafts will be mailed on the interest payment date (or the next business day if the interest payment date is not a business day) to the names and addresses of the registered owners as they appear on the Bond Register as of the first day of the month prior to the interest payment date. Bond principal is payable upon presentation and surrender of this bond to the Registrar.

ADDITIONAL PROVISIONS OF THIS BOND APPEAR ON THE REVERSE SIDE; THESE PROVISIONS HAVE THE SAME EFFECT AS IF THEY WERE PRINTED HEREIN.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon; that the issue of which this bond is a part, and all other obligations of such State, are within every debt limitation and other limit prescribed by such Constitution and Statutes; and that the State shall provide for the levying annually of a direct ad valorem tax upon all the property within the State so taxable for its purposes, in an amount sufficient with other available funds, to pay the interest on and the principal of the bonds of such issue as such obligations become due and payable.
IN WITNESS WHEREOF, the State of Oregon has caused this bond to be signed by facsimile signatures of its Governor and its Secretary of State, and its State Treasurer, and sealed with a printed facsimile seal of the State, as of this first day of October, 1988.

(facsimile)
Governor

(facsimile)
Secretary of State

(facsimile)
State Treasurer

(SEAL)

THIS BOND SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE REGISTRAR IN THE SPACE INDICATED BELOW.

DATED:

CERTIFICATE OF AUTHENTICATION

This is one of the State of Oregon's State Board of Higher Education General Obligation Building Bonds, 1988 Series C (Governmental Purpose), issued pursuant to the Resolution described herein.

THE CHASE MANHATTAN BANK, N.A., as Registrar

By

Authorized Officer

Note to Printer: The following language should be used for OR bonds:

IN WITNESS WHEREOF, the State of Oregon has caused this bond to be signed by facsimile signatures of its Governor and its Secretary of State, and authenticated and executed by the manual signature of its State Treasurer or Deputy, and sealed with a printed facsimile seal of the State, as of this first day of October, 1988.
(facsimile)
Governor

(facsimile)
Secretary of State

(SEAL)

THIS BOND SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE OREGON STATE TREASURY IN THE SPACE INDICATED BELOW.

DATED:

CERTIFICATE OF AUTHENTICATION AND EXECUTION

This is one of the State of Oregon's State Board of Higher Education General Obligation Building Bonds, 1988 Series C (Governmental Purpose), issued pursuant to the Resolution described herein.

OREGON STATE TREASURY

By
State Treasurer or Deputy

Note to Printer: The following language should be printed on the reverse of the bond:

This bond is one of a series of $26,225,000 aggregate principal amount of State Board of Higher Education General Obligation Building Bonds, 1988 Series C (Governmental Purpose), of the State, and is issued in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon.

The bonds maturing on or after October 15, 1998, are subject to redemption prior to maturity at the option of the State in whole on any date and in part on any interest payment date on or after October 15, 1998, at a price of par plus accrued interest to the date fixed for redemption.

The bonds are subject to extraordinary redemption at par plus accrued interest on October 15, 1991, solely from, and to the extent of, any proceeds of the bonds which remain unexpended on that date.
Notice of any call or redemption, unless waived by the holders of the bonds to be redeemed, shall be mailed not less than thirty days and not more than sixty days prior to such call to the registered owners of the bonds, and otherwise given as required by law and the authorizing bond resolution (the "Resolution"); however, no failure to give notice shall invalidate the redemption of the bonds. All bonds called for redemption shall cease to bear interest from the date designated in the notice.

Note to Printer: Insert if applicable:

The bonds maturing October 15, __________, shall be subject to mandatory redemption, by lot, at the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption, in the amounts and on the dates set forth below:

<table>
<thead>
<tr>
<th>Redemption Date (October 15)</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

Bonds optionally redeemed by the State may be credited against the mandatory redemption by lot as determined by the Registrar.

The bonds are issuable in the form of registered bonds without coupons in the denominations of $5,000 or any integral multiple thereof. Bonds may be exchanged for bonds of the same aggregate principal amount, but different authorized denominations.

Any transfer of this bond must be registered, as provided in the Resolution, upon the Bond Register kept for that purpose by the Registrar. The Registrar and the State Treasurer may treat the person in whose name this bond is registered as its absolute owner for all purposes, as provided in the Resolution.

The bondowner may exchange or transfer any bond only by surrendering it, together with a written instrument of exchange or transfer which is satisfactory to the Registrar or the State Treasurer and duly executed by the registered owner or his duly authorized attorney, at the principal corporate trust office of the Registrar or the office of the State Treasurer in the manner and subject to the conditions set forth in the Resolution.
ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto ___________________________.

Please insert social security or other identifying number of assignee

this bond and does hereby irrevocably constitute and appoint __________________________ as attorney to transfer this bond on the books kept for registration thereof with the full power of substitution in the premises.

Dated: __________________________

_______________________________

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -- tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship
and not as tenants in common
OREGON CUSTODIANS use the following CUST UL OREG MIN
as custodian for ___ (name of minor)
OR UNIF TRANS MIN ACT
under the Oregon Uniform Transfer to Minors Act

Additional abbreviations may also be used though not in the list above.
Section VIII. Authentication, Registration and Transfer.

A. No bond shall be entitled to any right or benefit under this resolution (the "Resolution") unless it shall have been authenticated by an authorized officer of the fiscal agency of the State of Oregon in the City and State of New York (the "Registrar") or the State Treasurer or Deputy. The Registrar or the State Treasurer or Deputy shall authenticate all bonds to be delivered at closing of this bond issue, and shall additionally authenticate all bonds properly surrendered for exchange or transfer pursuant to this Resolution. A successor Registrar may be appointed for the bonds by resolution of the State. The Registrar shall provide notice to bondowners of any change in the Registrar not later than the bond payment date following the change in Registrar.

B. The ownership of all bonds shall be entered in the Bond Register maintained by the Registrar, and the State and the Registrar may treat the person listed as owner in the Bond Register as the owner of the bond for all purposes.

C. The Registrar shall mail each interest payment on the interest payment date (or the next business day if the interest payment date is not a business day) to the names and addresses of the bondowners as they appear on the Bond Register as of the first day of the month preceding an interest payment date (the "Record Date"). If payment is so mailed, neither the State nor the Registrar shall have any further liability to any party for such payment.

D. Bonds may be exchanged for an equal principal amount of bonds of the same maturity which are in different denominations, and bonds may be transferred to other owners if the bondowner submits the following to the Registrar or the State Treasurer:

1. written instructions for exchange or transfer satisfactory to the Registrar or the State Treasurer, signed by the bondowner or his attorney in fact and guaranteed or witnessed in a manner satisfactory to the Registrar or the State Treasurer; and

2. the bonds to be exchanged or transferred.

E. The Registrar or State Treasurer shall not be required to exchange or transfer any bonds submitted to it during any period beginning with a Record Date and ending on the next following payment date; however, such bonds shall be exchanged or transferred promptly following that payment date.

F. The Registrar or State Treasurer shall note the date of authentication on each bond. The date of authentication shall
be the date on which the bondowner's name is listed on the Bond Register.

G. For purposes of this section, bonds shall be considered submitted to the Registrar on the date the Registrar or the State Treasurer actually receives the materials described in subsection (d) of this section.

H. The State may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all bondowners. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than 45 days after notice is mailed.

Section IX. Maintenance of Tax-Exempt Status. The State covenants for the benefit of the owners of the bonds to comply with all provisions of the Internal Revenue Code of 1986, as amended (the "Code") which are required for bond interest to be excluded from gross income for federal income taxation purposes (except for taxes on corporations), unless the State obtains an opinion of nationally recognized bond counsel that such compliance is not required in order for the interest paid on the bonds to be so excludable. The State makes the following specific covenants with respect to the Code:

A. The State shall take no action or omit any action if it would cause the bonds to become "arbitrage bonds" under Section 148 of the Code, and shall pay to the United States all "rebates" on "gross proceeds" earnings which are required under Section 148 of the Code.

B. The State shall operate the facilities financed with the bonds so that the bonds are not "private activity bonds" within the meaning of Section 141 of the Code.

C. The State shall comply with all applicable reporting requirements.

D. Covenants of the State in its tax certificate for the bonds shall be enforceable to the same extent as if contained herein.

Section X. Sale of Bonds. The Executive Vice Chancellor, or his designee, shall cause to be published in the Daily Journal of Commerce, Portland, Oregon, and the Bond Buyer, New York, New York, notices of sale of the bonds in the form substantially as shown on Exhibit A attached hereto and by this reference incorporated herein, or summaries, as provided by law. The bonds shall be sold upon the terms provided in the attached Exhibit A, subject to such revisions as may be made by the Executive Vice Chancellor, or his designee, to enhance the marketability, sale or registration of the bonds. The bonds shall be sold on the
date and at the time and place stated in Exhibit A, unless the Executive Vice Chancellor, or his designee, establishes a different date, time, or place.
EXHIBIT A

OFFICIAL NOTICE OF BOND SALE

$26,225,000

STATE OF OREGON
STATE BOARD OF HIGHER EDUCATION

GENERAL OBLIGATION BUILDING BONDS
1988 SERIES C

(GOVERNMENTAL PURPOSE)

NOTICE IS HEREBY GIVEN that sealed bids will be received on behalf of the State of Oregon (the "State") for the purchase of the State Board of Higher Education General Obligation Building Bonds, 1988 Series C (Governmental Purpose) (the "bonds"), until 9:00 o'clock a.m. (Prevailing Oregon Time) on Tuesday, OCTOBER 11, 1988

at Suite 1000, Orbanco Building, 10th floor, 1001 S.W. Fifth Avenue, Portland, Oregon 97204, at which time they will be publicly opened and announced.

The bids shall be considered and acted upon by the Treasurer of the State of Oregon within four (4) hours after bid opening.

ISSUE: The issue shall be in the aggregate principal amount of TWENTY-SIX MILLION TWO HUNDRED TWENTY-FIVE THOUSAND DOLLARS ($26,225,000) consisting of registered bonds in denominations of Five Thousand Dollars ($5,000) or integral multiples thereof, as specified by the successful bidder, all dated October 1, 1988, and all subject to the terms and conditions of this Notice. Interest is payable on the fifteenth days of April and October of each year until maturity or prior redemption, commencing on April 15, 1989.

INTEREST RATES AND BASIS OF AWARD: Unless all bids are rejected, the bonds will be awarded to the bidder submitting the lowest true interest cost determined by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments to the date of the bonds (October 1, 1988) and to the price bid, excluding interest accrued to the date of delivery. The purchaser must pay accrued interest, computed on a 360-day basis, from the date of the bonds to the date of...
delivery. The cost of printing the bonds will be borne by the State. Bidders are requested to name the rate or rates of interest which the bonds are to bear in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%). Each bidder must specify the amount and maturity of the bonds of each rate named pursuant to the maturities listed below. All of said bonds maturing on the same date must bear interest at the same single rate. Bidders are requested to state the total interest cost to the State under the terms of the bid, and the true interest rate which shall be considered informative only. The interest rate named for the bonds of any maturity shall not be less than the interest rate named for the bonds of any earlier maturity. In addition, State law requires that bonds may not be sold at an effective rate of interest of more than thirteen percent (13%).

MATURITIES: The bonds shall mature serially in numerical order on the fifteenth day of October each year as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>$540,000</td>
<td>2004</td>
<td>$730,000</td>
</tr>
<tr>
<td>1990</td>
<td>570,000</td>
<td>2005</td>
<td>785,000</td>
</tr>
<tr>
<td>1991</td>
<td>775,000</td>
<td>2006</td>
<td>845,000</td>
</tr>
<tr>
<td>1992</td>
<td>830,000</td>
<td>2007</td>
<td>905,000</td>
</tr>
<tr>
<td>1993</td>
<td>885,000</td>
<td>2008</td>
<td>980,000</td>
</tr>
<tr>
<td>1994</td>
<td>930,000</td>
<td>2009</td>
<td>855,000</td>
</tr>
<tr>
<td>1995</td>
<td>995,000</td>
<td>2010</td>
<td>925,000</td>
</tr>
<tr>
<td>1996</td>
<td>410,000</td>
<td>2011</td>
<td>995,000</td>
</tr>
<tr>
<td>1997</td>
<td>440,000</td>
<td>2012</td>
<td>1,070,000</td>
</tr>
<tr>
<td>1998</td>
<td>470,000</td>
<td>2013</td>
<td>1,145,000</td>
</tr>
<tr>
<td>1999</td>
<td>500,000</td>
<td>2014</td>
<td>1,245,000</td>
</tr>
<tr>
<td>2000</td>
<td>550,000</td>
<td>2015</td>
<td>1,340,000</td>
</tr>
<tr>
<td>2001</td>
<td>585,000</td>
<td>2016</td>
<td>1,435,000</td>
</tr>
<tr>
<td>2002</td>
<td>625,000</td>
<td>2017</td>
<td>1,545,000</td>
</tr>
<tr>
<td>2003</td>
<td>670,000</td>
<td>2018</td>
<td>1,650,000</td>
</tr>
</tbody>
</table>

OPTIONAL DESIGNATION OF TERM BONDS AND MANDATORY REDEMPTION: Bidders may designate one or more term bonds. Term bonds must consist of two or more consecutive maturities, and must mature on the maturity date of the last of the consecutive maturities in an amount equal to the sum of the consecutive maturities. Term bonds shall be subject to mandatory redemption at par and by lot, in the amounts and on the dates of the consecutive maturities shown in the preceding section. If no term bonds are designated in the successful bid, the bonds will mature serially on the schedule indicated above.

OPTIONAL REDEMPTION: The bonds maturing after October 15, 1998, are subject to redemption prior to maturity at the option of the State in whole on any date and in part on any
interest payment date on or after October 15, 1998, at a price of par plus accrued interest to the date fixed for redemption.

EXTRAORDINARY REDEMPTION: The bonds are subject to extraordinary redemption at par plus accrued interest, on October 15, 1991, solely from, and to the extent of, any proceeds of the bonds which remain unexpended on that date.

NOTICE OF REDEMPTION: Notice of any optional or extraordinary redemption, unless waived by the holder of the bonds to be redeemed, shall be published not less than thirty days and not more than sixty days prior to such call in one issue of a business and financial newspaper published in the City of Portland, Oregon, and in the City of New York, New York, and by mailing such notice to the State's paying agent and registrar, and otherwise given as required by law and the authorizing bond resolution; however, any failure to give notice shall not invalidate the redemption of the bonds. All bonds called for redemption shall cease to bear interest from the date designated in the notice.

REGISTRATION: The bonds will be issued in fully registered form, and may be exchanged at the expense of issuer for similar bonds of different authorized denominations. Bonds may not be converted to bearer form.

PAYMENT: Principal and interest are payable, either at maturity or upon earlier redemption, by check or draft through the office of the fiscal agent of the State, which is currently the principal corporate trust office of The Chase Manhattan Bank, N.A., New York, New York.

PURPOSE: The bonds are being issued for the purposes of providing for the acquisition of land and for the planning, constructing, altering, repairing, furnishing and equipping of buildings and facilities of the Department of Higher Education. The bonds are authorized pursuant to Article XI-F(1) of the Constitution of the State of Oregon, Chapter 640, Oregon Laws 1985, Chapter 866 and Chapter 595, Oregon Laws 1987, and Oregon Revised Statutes, Chapters 286, 288 and 351.

SECURITY: The bonds are general obligations of the State. The State has covenanted to levy an ad valorem tax annually which, with other available funds, will be sufficient to pay bond principal and interest as they come due.

LEGAL OPINION: The approving opinion of Lindsay, Hart, Neil & Weigler, Lawyers of Portland, Oregon, will be provided at no cost to the purchaser, and will be printed on the bonds at the expense of the State.
TAX-EXEMPT STATUS: In the opinion of bond counsel, under existing law and conditioned on the State complying with certain covenants relating to the tax-exempt status of the bonds, interest on the bonds is excluded from gross income for federal income tax purposes (except for certain taxes on corporations). The bonds are not "private activity bonds" under the Internal Revenue Code of 1986 (the "Code"). Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the bonds.

Interest on the bonds is exempt from personal income taxation by the State of Oregon under present state law.

The State has the legal authority to comply with its covenants.

FORM OF BID: All bids must be for not less than all the bonds hereby offered for sale, and for not less than ninety-eight and one-half percent (98.5%) of the par value thereof and accrued interest to the date of delivery. Each bid together with bidder's check as herein specified must be enclosed in a sealed envelope addressed to the State and designated "Proposal for Bonds, State of Oregon, State Board of Higher Education Building Bonds, 1988 Series C (Governmental Purpose)."

BID CHECK: All bids must be unconditional and accompanied by a certified or cashier's check on a bank doing business in the State of Oregon of Five Hundred Twenty-Four Thousand Five Hundred Dollars ($524,500) payable to the order of the State to secure the State from any loss resulting from the failure of the bidder to comply with the terms of its bid. Checks will be forfeited to the State as liquidated damages in case the bidder to whom the bonds are awarded withdraws its bid or fails to complete its purchase in accordance with the terms thereof. No interest shall be allowed on the deposit but the check of the successful bidder will be retained as part payment of the bonds or for liquidated damages as described above. Checks of the unsuccessful bidders will be returned by the State promptly.

RIGHT OF REJECTION: The State Treasurer and the State Board of Higher Education reserve the right to reject any or all bids, and to waive any irregularities.

CERTIFICATION OF REOFFERING PRICE: The successful bidder must certify the initial reoffering price to the public (excluding bond houses and brokers) for each maturity of the bonds to the State's bond counsel not less than three business days prior to closing. This certification shall constitute the agreement of the bidder to offer all bonds in each maturity for sale at a price no greater than the certified reoffering price
until at least ten percent of the principal amount of each
maturity is sold at a price less than or equal to the certified
reoffering price. Failure to honor this agreement may result in
cancellation of the sale and forfeiture of the bidder's good
faith deposit.

DELIVERY: Delivery of the bonds will be made without
cost to the successful bidder in New York, New York, on or about
November 1, 1988, or at such other city at the request and
expense of the purchaser. Payment for the bonds must be made in
funds immediately available to the State.

OFFICIAL STATEMENT: The State has prepared an official
statement relating to the bonds, a copy of which will be
furnished upon request to the financial advisor to the Oregon
Department of Higher Education, Seattle-Northwest Securities
Corporation, 1300 S.W. Fifth Avenue, Suite 3030, Portland, Oregon
97201, telephone (503) 275-8300; or to the Office of the Oregon
State Treasury, Municipal Bond Division, Room 60-A, State
Capitol, Salem, Oregon 97310, telephone (503) 378-4930.

POTENTIAL BID: The financial consultant may submit a
bid or participate in a bidding syndicate.

CUSIP: CUSIP numbers will be imprinted upon all bonds
of this issue at the State's expense. Failure to print, or
improperly imprinted numbers will not constitute basis for the
purchaser to refuse to accept delivery.

NO LITIGATION: At the time of payment for the delivery
of said bonds, the State will furnish the successful bidder a
certificate that there is no litigation pending affecting the
validity of the bonds.

FURTHER INFORMATION: Additional information regarding
the State and this sale may be obtained from the Office of the
Oregon State Treasury, Municipal Bond Division, Room 60-A, State
Capitol, Salem, Oregon 97310, telephone (503) 378-4930.

ANTHONY MEEKER,
Treasurer
State of Oregon
Staff Report to the Board

The Environmental Protection Agency (EPA) has received a construction authorization from Congress to construct additional facilities at the Hatfield Marine Science Center at Newport. The facilities include a library building, a laboratory building and enhancement of the seawater system. Oregon State University will be a primary beneficiary of the library and seawater improvements.

Before proceeding with construction, EPA requires unencumbered title to the site on which its facilities are constructed. To provide the necessary titles, the board will be required to deed a small portion of its land holdings to the EPA. The bulk of the required site will come from land deeded by the Port of Newport.

When the necessary legal documents have been completed, it will be necessary for the President and Secretary of the Board to execute the necessary transfer instruments.

Staff Recommendation to the Board

The staff recommended that the Board authorize the President and Secretary of the Board to execute necessary documents to be prepared and provided by counsel for the transfer of title of a portion of land now owned by the Board to the federal Environmental Protection Agency.

Board Discussion and Action

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

Sale of Portion of Beekman Property, UO

Staff Report to the Board

In approximately 1960, property in Jacksonville, Oregon, was received by the University of Oregon as part of the Beekman estate. The property is now surplus to the University of Oregon's needs in that it is not being used to carry out the mission of the institution, and it is highly unlikely that the University will put the property to use within the next twenty years. The property was recently appraised.
Staff Recommendation to the Board

The staff recommended that the property be advertised for sale by bid for a minimum of $50,800, a figure very close to the appraised value. If sold on contract, the minimum acceptable terms would be 20% down, payable on closing, with the balance payable in equal monthly installments over a period not to exceed 30 years. Payments would include principal and interest. The rate of interest would be comparable to the average lending institution rate in effect at the time the property is advertised for bid. If the advertised invitation to bid results in no acceptable bids, the staff would proceed to negotiate a sale for cash or on contract for not less than the advertised minimum bid price, terms, and conditions. All of the above procedures are authorized by ORS 273.201, 273.205, 273.211, and 273.216.

If the property is not sold within the six-month grace period, the Board’s staff further requested that the staff be granted authority to lower the price and, if appropriate, to obtain a second or revised appraisal so that the property can be readvertised for sale by bid, following the same procedures as described above. This additional authority would enable the staff to continue its effort to sell the property without having to return to the Board for further approval.

If the property is sold, all of the proceeds of the sale will be used to increase the "fund to organize, equip and maintain a professorship in the University of Oregon to be known as the Beekman Professorship of Northwest and Pacific History...." as directed in the will of Carrie C. Beekman of October 14, 1947.

Board Discussion and Action

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

 Lease of Property to Federal Government for Construction of Growth Chamber Building, OSU

Staff Report to the Board

There is a long history of cooperative research on the Oregon State University campus and in other parts of the state involving Oregon State University and the U.S. Department of Agriculture (USDA), particularly in the area of horticultural crops. Such cooperative research was enabled on July 1, 1966, when the Board authorized the Board’s staff to execute a 25-year lease with USDA for approximately 7,000 square feet of land on the Oregon State University campus, located on the south side of Orchard Street and east of 35th Street. That lease, containing an automatic renewal for an additional 25 years, was subsequently amended in
1970 to recognize a change in the responsible agency to the Environmental Protection Agency and to add an adjoining 8,749 square feet of land. A second 25-year lease with the USDA, containing an option to extend the lease for an additional 25 years, was approved by the Board in July of 1968. The second lease involves 15,400 square feet of adjoining property, also on the south side of Orchard Street east of 35th Street. Both leases will expire in 1991 and 1993 respectively, with renewals expiring in 2016 and 2018. The USDA has erected an office, laboratory, and greenhouse-hothouse facilities on the properties.

An additional parcel of adjoining land involving 33,320 square feet, lying directly south and east of the two properties identified above, has been used by the USDA over a period of years with the approval of Oregon State University. Recently, after receiving a request from the USDA to combine the properties in a new lease, Oregon State University officials recommended that the two existing leases be combined with the parcel not currently under lease into a single 25-year lease which would expire initially in 2013, but would allow for renewal for an additional 25 years, if approved by Oregon State University. Under the new terms and conditions, Oregon State University has first option to lease the facilities should the federal government stop using the properties. The lease also contains provisions governing parking lots, building and ground maintenance, and other terms designed to protect both Oregon State University's assets and any additional structures built on the property by the USDA and to comply with policies applicable to all other campus buildings. The rental rate is $1 per year for the first year with no rental thereafter. The lease also gives the USDA the right during the existence of the lease to erect additional research buildings as might be needed, all of which will remain the property of the federal government for at least two years after termination or expiration of the lease. This period gives the federal government time to remove the facilities should it desire. Finally, the lease provides an option for Oregon State University to purchase the USDA-constructed facilities at no less than appraised market value as depreciated and discounted to the time of purchase, should USDA decide to cease its research activities at that location.

Because USDA had a deadline of September 1, 1988, to obtain a lease with Oregon State University and commit $275,000 to design a Growth Chamber Building to be erected on the property, it became necessary to contact the Board's Executive Committee in order to obtain approval for the staff to execute the lease. Such approval was obtained by telephoning Board members Richard Hensley, John Alltucker, Mark Dodson, and Robert Adams on August 5 and August 8, 1988. The final draft of the new lease was reviewed and approved for legal sufficiency by the Board's legal counsel.
The Board's Executive Committee requested formal confirmation of its action which granted the Board's staff authority to execute the lease described above.

Board Discussion and Action

The Board confirmed the action of the Executive Committee, with the following voting in favor: Directors Adams, Bailey, Brooks, Bruggere, Dodson, Johnston, Miller, Richardson, Schnitzer, and Hensley. Those voting no: None. Director Alltucker was absent from the meeting at this time.

Progress Report on Telecommunications Project, OSSHE

Staff Report to the Board

Board and institution staff began planning the modernization of the Oregon State System of Higher Education's telecommunications services in 1984. On May 20, 1987, the Board's staff reported that JTM Associates had been awarded a contract to assist the State System in developing a request for proposals (RFP) for a telecommunications system, evaluating the vendor responses, and assisting in managing the implementation. The Board's staff reported in January 1988 that development of the RFP was proceeding and in March 1988 that the RFP was nearing completion and would be released shortly.

The RFP required vendors to propose digital voice/data switching equipment or services, modern general purpose cabling between and within buildings, voice mail throughout the campuses, and new telephone instruments supporting an extensive set of telephone features. The new system will provide the campuses with the latest telephone technology, extend the capability to support data transmission throughout the campuses, increase reliability, and control costs. The need for this single integrated telecommunications system was given additional impetus by a USWest Communications (previously Pacific Northwest Bell) requirement to establish a telecommunications point-of-presence (TPOP) on each campus in the very near future. In addition to the need to increase staff to meet customer responsibilities which have increased since divestiture, the TPOP policy requires significant recabling of campuses even if the decision were to continue using Centrex services provided by the local telephone companies. The cost of necessary recabling and construction to comply with this requirement would have to be borne by each institution. The new cabling specifications in the RFP meet the TPOP requirements.

The RFP was released at a vendor conference in Portland on April 25, 1988. Representatives of twelve telecommunications vendor firms attended the conference and obtained copies of the RFP. Representatives of eight of those firms attended a subsequent vendor conference on May 23, 1988. Two excellent proposals, one from AT&T Information Systems for $19,032,822 and one from USWest Information Systems for $22,151,349, were received and opened on
July 25, 1988. The superior quality of the two responses which the Oregon State System of Higher Education received is evidence that this procurement will serve well the State of Oregon. AT&T received slightly more points in the evaluation and proposed lower cost maintenance than did USWest. Over the ten year evaluation period, the difference in the cost of implementing the proposals amounts to $7 million. The Board’s staff announced the selection of AT&T on August 17, 1988.

The new system will be financed over ten years using certificates of participation. Some one-time expenses will be paid from existing reserve accounts or, where sufficiently small, by reallocation. On-going costs, including debt retirement, will be paid primarily from those moneys now spent for existing telephone services. Systemwide, some cost reduction is expected as early as 1989-1990. The break-even point will be reached during 1990-1991.

Representatives from each of the institutions worked diligently on this acquisition. Special thanks and recognition is due Ms. Chris Moore, Director of Telecommunications for Oregon State University, who served as chair of the Ad Hoc Telecommunications RFP Committee.

**Board Discussion and Action**

The Board accepted the report as presented.

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**Report of Sale of Work Estate Property, OHSU**

**Staff Report to the Board**

On June 3, 1965, a land sale contract was entered into between the United States National Bank, as executor of the estate of A. M. Work, and the Portland Golf Club, pursuant to which the Portland Golf Club would pay, in installments, the sum of $30,000 for certain property located in Washington County, Oregon. On completion of the payments, and the conditions of the contract, the contract required that a bargain and sale deed be given to the Portland Golf Club. The grantor's interest in the contract was assigned to the Oregon State Board of Higher Education on July 6, 1967. Since then, payments have been made to the Controller. As of July 26, 1988, the final payment was made, and all other conditions of the land sale contract satisfied. At the request of the Controller, the Department of Justice prepared a deed, which has been executed on behalf of the Board by the President and Secretary, pursuant to OAR 580-50-005, and ORS 351.150. Delivery of the deed to the Portland Golf Club has been accomplished, which completes the Board's obligations under the assigned contract.

**Board Discussion and Action**

The Board accepted the report as presented.
Staff Report to the Board

The following memorandum, addressed to Vice Chancellor Larry Pierce and dated July 12, 1988, is presented in response to a Board request at its June meeting.

"In response to discussion among the members of the Oregon State Board of Higher Education during the Board’s meeting as a Committee of the Whole on June 17, 1988, officials of the University of Oregon (UO) and Oregon State University (OSU) have consulted to resolve their differences concerning OSU’s proposal for a graduate program in economics which was approved by the Board on that date. This memorandum expresses the agreement between UO and OSU concerning that proposal, and concerning the relations between the OSU program and the economics program at the UO. We ask that this memorandum be presented so that it will appear in the minutes of the Board. It is agreed that the following absolves the concerns expressed by the UO:

In establishing its non-traditional Ph.D. program in Economics, OSU stipulates that it does not intend to develop full-fledged Ph.D. programs in the following areas of specialization which are now available at the UO: economic theory, econometrics and mathematical economics, economic history and history of economic thought, international economics, industrial organization, monetary theory, labor economics, regional and urban economics, public finance, economic development, and comparative economic systems.

OSU will add the phrase ‘Regional and Global Interdependencies’ as a subtitle so that the academic area described in OSU’s Appendix A will be entitled "The Economics of Growth and Change: Regional and Global Interdependencies."

Signed for UO by:  
James Tattersall, Chair,  
Department of Economics

Signed for OSU by:  
Emery Castle, Chair,  
University Graduate Faculty of Economics

Donald Van Houten, Dean,  
College of Arts and Sciences  
Bill Wilkins, Dean,  
College of Liberal Arts

Paul S. Holbo, Acting Provost  
Graham Spanier, Vice President for Academic Affairs and Provost

Board Discussion and Action

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

Staff Report to the Board

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

Contracts for Professional Services

Various Campus Improvements, Electrical Loop, WOSC

An Agreement was negotiated with MFIA, Inc., Portland, for engineering services not to exceed $10,000. Financing will be provided from capital repair funds.

Consulting Services, Energy Management, OSU

An Agreement was negotiated with Chris Billings & Associates, Portland, for engineering services not to exceed $10,000. Financing will be provided from institutional funds.

Computer Services Building Soil & Foundation Testing, SOSC

An Agreement was negotiated with Soils Testing Lab, Inc., Medford, for engineering services not to exceed $4,500. Financing will be provided from state funds.

Consulting Services-1988, UO

An Agreement was negotiated with Cameron and McCarthy, Landscape Architects, Eugene, for architectural services not to exceed $25,000. Financing will be provided from state funds.

Consulting Services-1988, UO

An Agreement was negotiated with Dennis Hellesvig, for architectural services not to exceed $25,000. Financing will be provided from state funds.

Consulting Services, UO

An Agreement was negotiated with Martin, Schultz & Geyer, Eugene, for architectural services not to exceed $25,000. Financing will be provided from state funds.

Consulting Services-1988, UO

An Agreement was negotiated with Robertson/Sherwood/Architects, Eugene, for architectural services not to exceed $25,000. Financing will be provided from state funds.

Hogged Fuel, Storage Facility, UO

An Agreement was negotiated with Bulk Handling Systems, Inc., Eugene, for engineering services not to exceed $35,000. Financing will be provided from institutional funds.

Knight Library

An Agreement was negotiated with TBG Architects & Planners, Eugene, for architectural services not to exceed $36,200. Financing will be provided from state funds.

Knight Library

An Agreement was negotiated with L. R. Squier Associates, Inc., Lake Oswego, for geotechnical consulting services not to exceed $9,250. Financing will be provided from state funds.
Meeting #568

Consulting Services, Engineering Services, OHSU

An Agreement was negotiated with Dhillon Engineering, Inc. - Electrical Engineers, Portland, for engineering services not to exceed $42,593. Financing will be provided from state funds.

Health and Physical Ed Building Roof Deck, PSU

An Agreement was negotiated with Carlson Testing, Inc., Tigard, for consulting services not to exceed $575,000. Financing will be provided from state funds.

Shattuck Hall Steam Line Extension, PSU

An Agreement was negotiated with Carlson Testing, Inc., Tigard, for consulting services not to exceed $1,145. Financing will be provided from maintenance funds available to the institution.

Awards of Construction Contracts

Classroom/ Lab Building, EOSC

On July 11, 1988, L. D. Mattson was awarded a contract for this project in the amount of $6,418,520. Financing is provided from state funds.

Accessibility for Handicapped Phase III, OSU

On July 18, 1988, Dale Ramsay Construction Co. was awarded the Contracts A & C portion of this project in the amount of $505,260, and Blumentein-Dean Construction was awarded Contract B of this project in the amount of $376,464. Financing is provided from capital construction funds.

Dixon Recreation Center Reroofing, OSU

On July 8, 1988, Permaspan of Oregon was awarded a contract for this project in the amount of $104,834. Financing is provided from building reserve funds.

McNary Hall Dining Modifications, OSU

On June 30, 1988, Terry Hackenbruck Construction was awarded a contract for this project in the amount of $54,200. Financing is provided from housing reserve funds.

Residence Hall Quad Reroofing, OSU

On July 8, 1988, Umpqua Roofing Co., Inc., was awarded a contract for this project in the amount of $303,530. Financing is provided from housing reserve funds.

Amazon Family Housing Roofing Project, Phase IV, UO

On June 27, 1988, Folker Construction was awarded a contract for this project in the amount of $36,745. Financing is provided from housing reserve funds.

Carson Hall Elevator Modifications, UO

On June 23, 1988, Montgomery Elevator Co. was awarded a contract for this project in the amount of $29,795. Financing is provided from housing reserve funds.

Westmoreland Family Housing Reroofing Project Phase IV, UO

On June 6, 1988, Gene's Roofing Service, Inc., was awarded a contract for this project in the amount of $16,276. Financing is provided from housing reserve funds.
The estimated total project cost remains at $592,722. Financing was
provided from Article 10(p) bonds.

The project is complete and was accepted on June 15, 1988. The
project is complete and was accepted on June 24, 1988. The
project is complete and was accepted on June 20, 1987. The
project is complete and was accepted on June 17, 1985. The
project is complete and was accepted on June 14, 1988. The
project is complete and was accepted on January 30, 1986.

The estimated total project cost remains at $562,786. Financing was
provided from Article 10(p) bonds.

The project is complete and was accepted on June 15, 1988. The
project is complete and was accepted on June 20, 1987. The
project is complete and was accepted on June 17, 1985. The
project is complete and was accepted on January 30, 1986.

The estimated total project cost remains at $592,722. Financing was
provided from Article 10(p) bonds.

The project is complete and was accepted on June 15, 1988. The
project is complete and was accepted on June 20, 1987. The
project is complete and was accepted on June 17, 1985. The
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project is complete and was accepted on June 20, 1987. The
project is complete and was accepted on June 17, 1985. The
project is complete and was accepted on January 30, 1986.

The estimated total project cost remains at $592,722. Financing was
provided from Article 10(p) bonds.

The project is complete and was accepted on June 15, 1988. The
project is complete and was accepted on June 20, 1987. The
project is complete and was accepted on June 17, 1985. The
project is complete and was accepted on January 30, 1986.
Mackenzie Hall Electrical Distribution System Upgrade, OHSU

This project is complete and was accepted on July 20, 1988. The estimated total project cost remains at $35,944. Financing was provided from funds available to the institution.

Physical Plant Building, University Safety Service Project, OHSU

This project is complete and was accepted on May 11, 1988. The estimated total project cost remains at $56,947. Financing was provided from state funds.

Reroofing Various Buildings-Bid Pack I, PSU

This project is complete and was accepted on June 13, 1988. The estimated total project cost remains at $261,390. Financing was provided from 1985-86 Maintenance Funds.

(No Board action required.)

Board Discussion and Action

The Board accepted the report as presented.

ITEMS FROM BOARD MEMBERS

Mr. Dodson and Mr. Hensley commended the Chancellor and other staff members for reaching an agreement with the Oregon Graduate Center.

PRESIDENT'S REPORT

Semester Calendar

Mr. Hensley announced that the Board would be conducting hearings during the month of October on the semester issue as it relates to the calendar. The semester matter itself has been resolved and approved by the Board. The purpose of the hearings will be to receive public testimony in relation to the calendar to be adopted for the semester system. The hearings are scheduled for October 10 in Portland, October 11 in Salem, and October 12 in Eugene. Board members will be asked to volunteer to be part of the hearings. Specific times and places will be announced.

Next Meeting Dates

The next regular Board meeting will be held on the campus of Oregon Institute of Technology on October 21, 1988. It will be preceded by a visitation on October 20.

Presidential Search Committee, UO

Mr. Hensley appointed Mr. Miller, Mr. Dodson, and Mr. Bailey as the three Board members on the presidential search committee for the University of Oregon. He indicated he had discussed with the Chancellor the organization of the Committee and asked him to comment further.
The Chancellor said the Board's policy provided the Chancellor would name the other members of the search committee to be composed of four faculty, one administrator, one student, one community member, and one alumnus. The University is in the process of nominating two people for each of those positions. The Chancellor indicated he would then select the committee members from those nominations. He asked that Mr. Miller serve as chairman of the committee.

Mr. Hensley announced the Board would not have a November meeting and the December 16 meeting had been moved to December 9. This would allow the Chancellor's Search Committee additional time to complete its work and hold interviews.

Miss Brooks indicated she would be in final examinations at that time and asked that there be some notice perhaps of any future changes in meeting dates in order to avoid a conflict with finals.

Mr. Hensley asked the chairman of the Board/Institutional Relations Committees to try to complete their meetings by the end of November. He said the presidents value these meetings and they would be held on a quarterly basis.

Mr. Hensley mentioned that efforts are being made to arrange a legislative orientation session on January 19, 1989, prior to the regular Board meeting, tentatively from 3:00 p.m. to 6:30 p.m. On January 21, the Saturday following the Board meeting, there are plans for continuing the discussion of the long-range vision for the State System that was started during the Board retreat. The session should be completed shortly after noon.

Board members were requested to advise the Board Secretary of the dates on which they could attend the Presidents' Council meetings.

Mr. Hensley also announced plans for a program called Adopt-A-Legislator to develop a stronger relationship and communication link with the Legislature.

Prior to the Board meeting, the Board met for luncheon. No business was transacted. Board members heard a report on the progress made by the Chancellor's Search Committee. There were brief references to the meeting announcements mentioned above.

The Board meeting was adjourned at 2:15 p.m. to be reconvened by conference telephone connection at 11:00 a.m. on October 11, 1988, for the purpose of considering the bids received on the bonds and other related matters.
Meeting #568

Adjourned Session of September 9, 1988

President Hensley called the adjourned session of the regular State Board of Higher Education meeting of September 9, 1988, to order at 11:15 a.m. on October 11, 1988. The following Board members were present:

Mr. Robert Adams
Mr. John Alltucker
Mr. Bob Bailey
Mr. Tom Bruggere

Mr. Gary Johnston
Mr. Rob Miller
Mr. George Richardson, Jr.
Mr. Richard Hensley

Absent: Miss Brooks was absent due to a class conflict. Mr. Dodson was absent for business reasons. Mrs. Schnitzer has resigned from the Board.

Acceptance of Bid for $26,225,000 State of Oregon, Board of Higher Education Building Bonds, Series 1988 C, Article XI-F(1)

Staff Report to the Board

The Executive Vice Chancellor reported that at 9:00 a.m. Prevailing Pacific Time, on October 11, 1988, seven sealed bids were received, pursuant to an advertisement authorized by the Board of Higher Education at its meeting on September 9, 1988, for the proposed sale of $26,225,000 State of Oregon, State Board of Higher Education Building Bonds, Series 1988 C. Present were Mr. Richard Roberts of Lindsay, Hart, Neil and Weigler, Bond Attorneys; W. C. Neland; and Steve Katz. The bonds were to be sold at a price of not less than $98.50 for each $100 par value thereof. Bids received for the bonds were as follows:

<table>
<thead>
<tr>
<th>Name of Bidder</th>
<th>Total True Interest Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shearson Lehman Hutton</td>
<td>7.2453602%</td>
</tr>
<tr>
<td>Citicorp</td>
<td>7.3309%</td>
</tr>
<tr>
<td>J. P. Morgan</td>
<td>7.46238%</td>
</tr>
<tr>
<td>Kidder Peabody &amp; Company</td>
<td>7.324172%</td>
</tr>
<tr>
<td>First Boston Corporation</td>
<td>7.4213%</td>
</tr>
<tr>
<td>Marine Midland</td>
<td>7.4539%</td>
</tr>
<tr>
<td>Morgan Stanley</td>
<td>7.4635%</td>
</tr>
</tbody>
</table>

Following the reading of the bids, the Executive Vice Chancellor indicated that the most favorable bid was that of Shearson Lehman Hutton with a total interest cost of $34,007,595.76 and an effective true interest rate of 7.2453602 percent per annum. He also stated that the bonds were to be in denominations of $5,000 or integral multiples thereof and be issued in fully registered form.
Staff Recommendation to the Board

It was proposed that the recommended bid be accepted by adoption of the following resolution:

RESOLUTION

BE IT RESOLVED THAT THE TWENTY-SIX MILLION TWO HUNDRED TWENTY-FIVE THOUSAND DOLLARS ($26,225,000) STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION BUILDING BONDS, SERIES 1988 C, sold to Shearson Lehman Hutton, at $98.50 per $100 of par value, on the 11th day of October 1988, be issued to bear date the first day of October 1988; to mature on the fifteenth day of October in each year in the amounts and at the interest rates as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Year</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>540,000</td>
<td>5.70</td>
<td>2004</td>
<td>730,000</td>
<td>7.00</td>
</tr>
<tr>
<td>1990</td>
<td>570,000</td>
<td>5.90</td>
<td>2005</td>
<td>785,000</td>
<td>7.10</td>
</tr>
<tr>
<td>1991</td>
<td>775,000</td>
<td>6.00</td>
<td>2006</td>
<td>845,000</td>
<td>7.10</td>
</tr>
<tr>
<td>1992</td>
<td>830,000</td>
<td>6.10</td>
<td>2007</td>
<td>905,000</td>
<td>7.20</td>
</tr>
<tr>
<td>1993</td>
<td>885,000</td>
<td>6.20</td>
<td>2008</td>
<td>980,000</td>
<td>7.20</td>
</tr>
<tr>
<td>1994</td>
<td>930,000</td>
<td>6.30</td>
<td>2009</td>
<td>855,000</td>
<td>7.250</td>
</tr>
<tr>
<td>1995</td>
<td>995,000</td>
<td>6.40</td>
<td>2010</td>
<td>925,000</td>
<td>7.250</td>
</tr>
<tr>
<td>1996</td>
<td>410,000</td>
<td>6.50</td>
<td>2011</td>
<td>995,000</td>
<td>7.250</td>
</tr>
<tr>
<td>1997</td>
<td>440,000</td>
<td>6.60</td>
<td>2012</td>
<td>1,070,000</td>
<td>7.250</td>
</tr>
<tr>
<td>1998</td>
<td>470,000</td>
<td>6.70</td>
<td>2013</td>
<td>1,145,000</td>
<td>7.250</td>
</tr>
<tr>
<td>1999</td>
<td>500,000</td>
<td>6.80</td>
<td>2014</td>
<td>1,245,000</td>
<td>7.250</td>
</tr>
<tr>
<td>2000</td>
<td>550,000</td>
<td>6.80</td>
<td>2015</td>
<td>1,340,000</td>
<td>7.250</td>
</tr>
<tr>
<td>2001</td>
<td>585,000</td>
<td>6.90</td>
<td>2016</td>
<td>1,435,000</td>
<td>7.250</td>
</tr>
<tr>
<td>2002</td>
<td>625,000</td>
<td>6.90</td>
<td>2017</td>
<td>1,545,000</td>
<td>7.250</td>
</tr>
<tr>
<td>2003</td>
<td>670,000</td>
<td>7.00</td>
<td>2018</td>
<td>1,650,000</td>
<td>7.250</td>
</tr>
</tbody>
</table>

BE IT FURTHER RESOLVED that the bonds be issued to mature serially on the dates provided in the resolution of the Board duly adopted at its meeting on September 9, 1988; and that the principal and interest, either at maturity or upon earlier redemption, be paid by check through the Fiscal Agency of the State of Oregon, in the City and State of New York; and

BE IT FURTHER RESOLVED that the bonds be the direct general obligations of the State of Oregon, and that they be in the form prepared by the State Treasurer and approved by the Attorney General of the State of Oregon in accordance with ORS 286.041; and

BE IT FURTHER RESOLVED that the bonds be in denominations of $5,000 or integral multiples thereof and be issued in fully registered form as provided in the resolution adopted by the Board at the September 9, 1988, meeting; and
BE IT FURTHER RESOLVED that the September 9, 1988, resolution of the Board, authorizing the issuance of said bonds, and all acts performed by the Board in adopting the said resolution, and by the Secretary of the Board and the Executive Vice Chancellor in connection with the issuance and sale of the said bonds, including the notice of bond sale and its publication in New York and Oregon on September 29, 1988, be and they hereby are fully approved, ratified, and confirmed.

Board Discussion and Action

In response to questions from Board members, Mr. Neland stated that the bids were very favorable and the number of bids was greater than had been anticipated.

On motion by Director Richardson and second by Director Johnston, the Board approved the staff recommendation as presented and adopted the above resolution on roll call vote. The following voted in favor: Directors Adams, Alltucker, Bailey, Bruggere, Johnston, Miller, Richardson, and Hensley. Those voting no: None.

ADJOURNMENT

The meeting was adjourned at 11:30 a.m., October 11, 1988.

Richard F. Hensley, President

Wilma L. Foster, Secretary