

**Board of Trustees
Agenda**

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1. Call to Order/Roll/Declaration of a Quorum (9am) <i>Chair Graham</i>	
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4.1 University Update (11:25am) <i>Interim President Kenton</i>	
4.2 Presidential Search Committee (11:40am) <i>Trustee Minty Morris</i>	
5. Public Comment (11:45am)	
6. Adjournment (noon)	



**Special Meeting of the
Oregon Tech Board of Trustees
Sunset Room, Klamath Falls Campus
June 29, 2016
4p-5:50p**

Draft Minutes

Trustees Present:

Chair Graham	Jessica Gomez	Dan Peterson
Vice Chair Sliwa	Vince Jones	Paul Stewart
Jeremy Brown	Jill Mason	
Bill Goloski	Kelley Minty Morris	

University Staff and Faculty Present:

Brian Adair, Director of Facilities
Holly Anderson, Associate Director – Campus Life and Student Engagement
Sue Cain, Senior Budget and Planning Officer
Lita Colligan, AVP Strategic Partnership and Government Relations
Barb Conner, Director of Retention
Lori Harris, Senior Fiscal Manager
Scotty Hayes, IT Consultant
Rick Hoylman, Associate Professor Medical Imaging Technology
Jay Kenton, Interim VP Finance and Administration
LeAnn Maupin, Dean of the College of Health, Arts, and Sciences
Laura McKinney, VP Wilsonville Campus
Tanya McVay, Professor Natural Sciences
Michelle Meyer, Director of Business Affairs
Hallie Neupert, Dean of the College of Engineering, Technology, and Management
Diane Patterson, Facilities Services Business Manager
Tracy Ricketts, AVP Development and Alumni Relations
Paul Rowan, AVP Information Technology Services
Di Saunders, AVP Marketing and Communication
Farooq Sultan, Institutional Research Analyst
Carl Thomas, Director of Admissions
Terri Torres, Associate Professor Mathematics
Erika Veth, Dean of Online Learning

Others Present:

Cheyenne Low, ASOIT
Malea Waldrup, ASOIT
Michael Waldrup

1. Call to Order/Roll/Declaration of a Quorum

Chair Graham called the meeting to order at 4:03pm. The Secretary called roll and a quorum was declared.

2. Reports

2.1 University

Interim VPFA Kenton stated the water test on the Klamath Falls campus for lead and copper showed we were well below the EPA acceptable standards; a water test is not required in Wilsonville as the building was constructed after lead piping and welding were banned and Wilsonville tests the municipal water regularly. Radon testing will be conducted on both campuses. Other topics discussed included: faculty compensation and overload, enrollment growth, IT challenges, infrastructure projects, marketing challenges, and increasing the diversity of students and faculty/staff. He addressed the following opportunities: strong cohesive campus and community, regional presence and uniqueness of being polytechnic, and the university as a catalyst and assisting economic development.

Interim VPFA Kenton will concentrate on the following during his tenure: administrative processes and procedures, IT, new leadership and recruiting the right people, keeping finances strong, positioning the university with the state for operating and capital funding, enrollment management, fundraising, marketing, filling key vacancies, updating the student rec center, renovating Cornett Hall, upgrading the electrical and storm water systems, bringing the power plant fully on-line, OMIC, and working with KCEDA, the newspaper, KCC President, and City and County School Superintendents.

2.2 Klamath Falls ASOIT

Malea Waldrup, non-traditional student representative from ASOIT, stated the ASOIT agenda for the new year includes increasing communications with students, involving students in the processes, and letting students know what ASOIT does for them. The newly elected ASOIT members are learning where ASOIT needs to be. Issues from a non-traditional perspective include: lack of child care on campus, the inability to be involved with the campus - lack of events that incorporate family and work around schedules, and the current on site housing not being conducive to family living.

2.3 Faculty Senate

Terri Torres stated there is a new Executive Senate: President David Thiemert, Vice-President Hugh Jarrard, Secretary Don McDonnell, and at-large members Jeff Dickson and Terri Torres. Accomplishments last year include: resolutions regarding the soccer field and the presidential evaluation, policy for library employee promotions, policy and framework for non-tenure track faculty (70% complete), policy for credit for prior learning (needs additional work), worked with the faculty compensation consultant, reviewed, approved and endorsed the general education reform model, obtained external defibrillators for all buildings on campus, and conducted a workload status study. A faculty member is on the state committee regarding text book alternatives. She gave an overview of what the faculty is interested in as far as promoting the university and growth. Risks the faculty are willing to take and be a part of include: strengthening ties with the community (students visit campus, dual enrollment), developing summer school, and learning Spanish. All juniors will soon have a project based learning requirement. Can improve relationships and communication with community college counterparts. **Trustee Brown** asked her to let faculty know the Board is proud of them receiving accolades from the NorthWest accrediting group.

2.4 Academic Quality and Student Success Committee

Committee Chair Brown recapped the meeting from today. The committee looked at the first phase of student success: recruiting students, and the cost to recruit a student. There is plenty of opportunity for growth. Presentation on the Oregon Manufacturing and Innovation Center (OMIC) project. Update on accreditation report and the need to review the policy for credit for prior learning. Update on faculty compensation study.

2.5 Finance and Facilities Committee

Committee Chair Sliwa stated the committee held two meetings and has hired both an external auditor and an internal auditor. Had discussions regarding the Oregon Manufacturing and Innovation Center (OMIC) project including financial risk and organizational risk. Made recommendations to approve the Cornett Hall Renovation project, approve the budget, and approve an amended tuition and fee policy. Discussed VPFA selection and adjunct pay and received updates on the recreation center and the soccer field project.

2.6 Executive Committee

Chair Graham stated the committee approved the presidential transition plan for President Maples. Selected the search firm for the President Search and approved a search committee. Decided to cancel current date of the retreat and replace it with a teleconference in September. The retreat will be rescheduled when the new president is named. Amended Resolution 15-5 which is the university mission statement; changed "Oregon Citizen's" to "Oregonians". Recommended approval of a presidential evaluation process and approval of the sale of the president's residence. The Agreement between the Foundation and the Board is finalized and was sent to the NWCCU. Discussed enrollment projections. Working on board evaluation process, trustee self-evaluation process, and a trustee orientation process.

2.7 Presidential Search Committee

Trustee Minty Morris stated there is a portion of the board's webpage dedicated to the search including the timeline, the published leadership profile, and advertisement. She is pleased with the engagement of committee members and is thankful for the guidance and assistance from the chair and vice-chair.

Secretary Fox read a prepared statement from outgoing **Trustee Melissa Ceron** thanking the Board and Executive Staff for all of their work and dedication.

At 5:30pm **Chair Graham** adjourned the meeting to Executive Session per ORS 192.660(2)(i) to review and evaluate the employment-related performance of the chief executive officer, a public officer, employee, or staff member who does not request an open hearing. She stated the public meeting would reconvene after the Executive Session.

Meeting reconvened at 6:23pm.

3. Adjournment

Chair Graham adjourned the meeting at 6:24pm to June 30, 2016 at 8am.



**Special Meeting of the
Oregon Tech Board of Trustees
Sunset Room, Klamath Falls Campus
June 30, 2016
8a-2p**

Draft Minutes

Trustees Present:

Chair Graham	Jessica Gomez	Dan Peterson
Vice Chair Sliwa	Vince Jones	Paul Stewart
Jeremy Brown	Jill Mason	
Bill Goloski	Kelley Minty Morris	

University Staff and Faculty Present:

Kathleen Adams, Associate Professor Humanities and Social Sciences
Lita Colligan, AVP Strategic Partnership and Government Relations
Evelyn Hobbs, Program Director Dental Hygiene
Jay Kenton, Interim VP Finance and Administration
LeAnn Maupin, Dean of the College of Health, Arts, and Sciences
Laura McKinney, VP Wilsonville Campus
Stephanie Machado, Instructor Humanities and Social Sciences
SophiaLyn Nathenson, Assistant Professor Humanities and Social Sciences
Hallie Neupert, Dean of the College of Engineering, Technology, and Management
Mark Neupert, Department Chair Humanities and Social Sciences
Tracy Ricketts, AVP Development and Alumni Relations
Paul Rowan, AVP Information Technology Services
Di Saunders, AVP Marketing and Communication
Erika Veth, Dean of Online Learning

1. Call to Order/Roll/Declaration of a Quorum

Chair Graham called the meeting to order at 8:02am. The Secretary called roll and a quorum was declared.

2. Consent Agenda

- 2.1 Approval of Minutes from June 8, 2016 Meeting**
- 2.2 Adoption of Amended Tuition and Fee Policy**
- 2.3 Approval of Cornett Hall Renovation Project**
- 2.4 Adoption of President Evaluation Process Policy**
- 2.5 Approval of the Sale of the President's Residence**

Trustee Stewart moved to approve the consent agenda. **Trustee Gomez** seconded the motion. With all Trustees present voting aye, the motion passed unanimously.

3. Action Items

- 3.1 Request to Adopt the 2016-17 Education and General Fund Budget**

Interim VPFA Kenton stated the Finance and Facilities Committee reviewed the proposed budget yesterday and passed a motion requesting the Board approve the budget. He walked through the assumptions and proposed budget.

Trustee Sliwa moved to adopt the 2016-17 Education and General Fund Budget. Trustee Gomez seconded the motion.

Interim VPFA Kenton stated there was a \$30,000 increase in the marketing budget to allow for additional marketing strategies such as video. **Trustee Minty Morris** encouraged the Board to continue to look at providing resources for advertising.

Discussion regarding enrollment management and the need for additional funding. **Staff is requested to come back in Fall with reports from Enrollment Management.** Clarification that the action of approving this budget does not approve the OMIC project.

With all Trustees present voting aye, the motion passed unanimously.

Chair Graham moved Discussion Item 4.1.1 to the Action Items section as a motion of support is requested for the OHSU/SLMC/OIT rural health project.

4.1.1 Rural Health Initiatives and Innovation to Healthcare Program Portfolio
Dean Maupin walked through the history of rural health engagement, highlights of current initiatives, and what the college hopes to accomplish including the partnership with OHSU and SLMC. Discussion regarding replicating the Medical Laboratory Science program on the Klamath Falls campus.

Program Director Hobbs walked through the Dental Hygiene program. Discussion regarding programs Oregon Tech could consider offering beyond dental hygiene such as hospital dentistry. **Professor Nathenson and Instructor Machado** gave an overview of the Population Health Management program. **Professor Adams** walked through the new master's in Marriage and Family Therapy program. **Mark Neupert** explained the bigger picture of the humanities and social sciences department.

Trustee Sliwa moved the University actively collaborate with Sky Lakes Medical Center and Oregon Health Science University to expand rural healthcare professional training and grow Oregon Tech's rural healthcare degree programs in Klamath Falls to meet industry demand and continue to be an economic and educational resource for our state and region. Trustee Mason seconded the motion.

Trustee Stewart stated SLMC is proposing to construct a 90,000 sf building to house clinical space, the OHSU dean's office, and educational space (Oregon tech and OHSU), among other things; OHSU expects to rotate 250-300 students through the campus. The idea is to have Oregon Tech participate as a partner in a new 509(a) fundraising entity to raise \$50M. This would authorize OHSU and SLMC to use Oregon Tech's logo and name in marketing and fundraising.

Interim VPFA Kenton clarified the type of support expected of the university as both programmatic and funding including fundraising, participation in academic growth, support of the board and sending a message to the Foundation that this is a priority.

With all Trustees present voting aye, the motion passed unanimously.

BREAK 10:55am - 11:05am

3.2 Oregon Manufacturing Innovation Center (OMIC) Due Diligence Report and Decision Regarding Moving Forward with Phase II Due Diligence

Interim VPFA Kenton walked through the due diligence phase I findings. He explained that the maximum amount Oregon Tech will contribute is \$1.7M. All other upgrades or requirements will need to be made by other partners. **Vice Chair Sliwa** explained the history of the project, how Oregon Tech became the host university, capped the investment, and created a two phase due diligence process. **Chair Graham** stated the strategic mission will likely change over 5-10 years as the project builds out. **Trustee Gomez** expressed her concerns regarding water and electrical capacity and quality.

Trustee Minty Morris exited the meeting at 11:53am.

Chair Graham adjourned the meeting at 11:59am to go into executive session per ORS 192.660(2)(e) to conduct deliberations regarding negotiations of real property transactions. The public meeting will reconvene at the conclusion of executive session.

Meeting reconvened at 12:39pm.

Vice Chair Sliwa moved to empower administration to complete the negotiations for closing the first round of due diligence, increasing the earnest money by \$1M, \$42,000 of which would not be refundable, to continue to the second phase of due diligence. Trustee Stewart seconded.

Interim VPFA Kenton clarified that the contract requires the Board give approval, as determined in its sole discretion, and it is transferring that discretion to Interim President Kenton.

Roll-call vote was called and with all Trustees present voting aye, the motion passed unanimously.

BREAK FOR LUNCH 12:46pm - 1:00pm

4. Discussion

4.1 Overview of Initiative Accomplishments

4.1.2 Strategic Enrollment Management

Due to time constraints no presentation was given. **VP McKinney** gave an overview of the information contained in the written material and PowerPoint presentation. She is willing to come back in fall with an update and to answer any

questions. **Chair Graham asked trustees to review the materials and be prepared to ask questions at the Fall meeting.**

4.1.3 Academic Community and Industry Partnerships and Outreach

AVP Lita Colligan explained how the university is responding to the Board's desires to be an outward facing, industry focused university, and to be business serving, market responsive and flexible. She walked through how the university is building a culture supporting applied research, invention, entrepreneurship, and responsiveness to market opportunities, including building support by growing the graduate program and applied research centers in the community. She explained a new position, Associate Provost of Research, was approved but not filled. She gave an update on the Oregon Renewable Energy Center (OREC) and the request for HECC to support the request for funding. She stated funding was obtained to expand the high school transition program and Southern Oregon was designated as a STEM hub. Discussion regarding release time for faculty so they can partake in some of the projects.

4.1.4 Campus Improvements and Image

Due to time constraints no presentation was given. **Interim VPFA Kenton** highlighted the Cornett Hall Remodel, recreation center and infrastructure improvements. He and **Trustee Jones** suggested the Board look into adopting a standard of building (e.g., LEED Silver). **Chair Graham asked trustees to review the materials and be prepared to ask questions at the Fall meeting.**

4.2 Work Plan and Calendar Scheduling

Chair Graham stated the previously planned retreat for July 28-29 is cancelled but a teleconference is scheduled for Monday, September 19 from 1-5pm to cover any board business; enrollment update; OMIC; OREC, etc.

Interim VPFA Kenton stated we operate on a biennium cycle so the odd/cross-biennial years will be different than even years. **Requested each staff member(s) work with their committee chair to bring forward an annual work plan at the fall meeting.**

Interim VPFA Kenton requested the Foundation meeting and Board meeting be coordinated so that the two groups could have social time together.

Jeremy would like to have an annual reflection on where we are in relation to the strategic plan; requested president goals reflect the strategic plans. Opportunity for new president to revise the strategic plan and ask for Board endorsement/approval.

5. Other Business/New Business

Round table reflection; all trustees gave a statement of their thoughts regarding the meetings.

6. Public Comment

None

7. Adjournment

Chair Graham adjourned the meeting at 2:05pm.

ACTION

Agenda Item No. 3.1

Oregon Manufacturing and Innovation Center (OMIC) Project – Final Review

Background

Earlier at its May 6, 2016 and June 30, 2016 Board meetings, Trustees approved submission of an offer to purchase the Jersey Building in Scappoose and authorized the president to complete negotiations on the first round of due diligence of the property and, if successful in the negotiations on round one due diligence, to continue with the second round of due diligence.

We were successful in completing the first round of due diligence and were able to negotiate the following changes with the owner:

1. We re-engaged the appraiser (Integra Realty Resources) and asked them to determine the “investment value” of the property. Investment value is defined as, “The value of a property interest to a particular investor or class of investors based on the investor’s specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.” Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

Investment value is defined as, “The value of an asset to the owner or a prospective owner for individual investment or operational objectives.” Source: International Valuation Standards Council, *International Valuation Standards*, (London: International Valuation Standards Council, 2011)

They determined the investment value of the subject property through the following methodologies:

- Analysis of the Reproduction Cost of the subject improvements after physical depreciation.
- Analysis of the Replacement Cost of the subject improvements without physical depreciation.
- Analysis of supplemental sales that establish the upper end of a reasonable range of unit values that could be paid by a motivated buyer.

Using this methodology, they concluded the investment value of the property to be \$4.2 million.

Using this information, we then re-negotiated the purchase price from \$4,200,000 to \$4,150,000. In addition, we asked the seller to make certain improvements as listed below.

2. Buyer's obligation to close this transaction shall be subject to Buyer's approval, in Buyer's sole discretion, of the following repairs and improvements to the Property and its surroundings, which repairs and improvements Seller agrees to undertake:

- a. **Temporary Road.** Seller shall, at its sole cost and expense, (a) build or cause to be built an approximate 600-foot gravel temporary road ("Temporary Road")

connecting the southeast corner of the Property with West Lane Road, a public road of the City of Scappoose, Oregon, over land owned and to be donated to the City of Scappoose, Oregon, or the County of Columbia, Oregon, by Scott T. Parker ("Parker"), and (b) construct gates ("Gates") at the entrances to the Property from the Temporary Road and from the road connecting to the southwest corner of the Property. The Road shall consist of country road apron, jersey barriers on the edge of the embankment, and grading the embankment and access road. The Gate at the southeast corner of the property shall be a "rollable" gate. Seller shall complete the construction of the Temporary Road and Gates no later than March 31, 2017, which obligation shall survive the Closing.

- b. **Easement and Access.** Seller shall, at its sole cost and expense, take all reasonable steps to (a) obtain a license or easement from Parker for the construction of the Temporary Road and for Seller and Buyer's use thereof, and (b) coordinate with the City of Scappoose, Oregon, and Columbia County, Oregon for right of way access to the Property from West Lane Road.
- c. **Parking Area.** Seller shall, at its sole cost and expense, (a) construct a paved 50-foot by 250-foot parking area ("Parking Area") in the front of the building located on the Property ("Building"), as well as paving the two entrances to the Property, located on the southwest and southeast corners of the Property under the Gates, (b) grade the entire Parking Area so that it is flat, (c) fill all potholes in the Parking Area, and (d) clean the Property of all rubbish, trash, garbage, and weeds.
- d. **Landscaping.** Seller shall, at its sole cost and expense, (a) re-landscape the area immediately around the Building, (b) cut back trees and shrubs near the heating, ventilating, and air-conditioning ("HVAC") units located on the east side of the Building, and (c) cut back all vegetation located on the Property, including without limitation any vegetation around the fencing along the perimeter of the Property.
- e. **Other Building and Property Improvements.** Seller shall, at its sole cost and expense, perform the following maintenance, repairs, and replacements to the Building and Property (note: all of these items were identified in the property inspection report):
 - (1) Caulk and paint the vents on the west side of the Building to prevent water intrusion;
 - (2) Properly terminate and insulate the electrical wiring in the electrical room of the Building;
 - (3) Reseal and lap the roof ridge cap of the Building;
 - (4) Repair the leak at the ridge cap on the west end of the Building;
 - (5) Reattach or replace the ceiling insulation contained in the Building;
 - (6) Repair the broken window(s) on the west side of the Building;

- (7) Replace insulation located on east side units of the Building;
- (8) Vacuum, sweep, and remove all debris room 101 contained within the Building;
- (9) Cause all HVAC units at the Property to be fully serviced, including the cleaning thereof, changing of all filters, inspection, repair to the condenser on the heat pump, and replacement of the fan (some or all of which has occurred as of the date of the Second Amendment);
- (10) Tighten to prevent leaks from the faucet sink located in the upstairs conference room within the Building;
- (11) Seal the grout at the shower curb in the women's restroom in the Building;
- (12) Repair the light switch outside the Building and replace light bulbs to show that the switch functions;
- (13) Reattach the plexiglass panel at the fire control room in the shop area of the Building;
- (14) Pump the septic system located at the Property and clean and root the drain field piping located at the Property (some or all of which has occurred as of the date of the Second Amendment);
- (15) Cause the fire sprinkler system to be inspected, certified, and tagged for fire marshal requirements, including pumps at the fire tank house (some or all of which has occurred as of the date of the Second Amendment);
- (16) Perform maintenance and adjustments to the overhead doors in the Building and replace all worn cables thereon (some or all of which has occurred as of the date of the Second Amendment);
- (17) Furnish and install three-inch depth ac paving at the south side of the shop building adjacent to the concrete apron covering approximately 12,000 square feet;
- (18) Complete regrading of the gravel located at the Property with a motor grader to remove grass and weeds, including regrading of existing low spots in the gravel yard;
- (19) Furnish new bark dust in planters located on the Property; and
- (20) Wash off concrete, siding, and exterior windows of the Building.

For the last few weeks we have been focused on the second round of due diligence items as follows:

- a. Buyer confirms the economic feasibility of acquiring the Property, as Buyer determines in Buyer's sole discretion, including without limitation obtaining legislative approval for Oregon Lottery bond funding and bridge financing until sale of such bonds;

See attached OMIC Business and Academic Plan (Attachment A) which confirms the economic and academic feasibility of the project. In addition, see the draft agreement with Oregon Business Development Department (Attachment B) for the conveyance of the \$2.5M in State Lottery bonds proceeds as well as bridge financing needed to fund the transaction at closing. This agreement was reviewed by OBDD, the Department of Justice and Oregon Tech's legal staff; it is expected to be signed the week of September 26. This will be a forgivable loan and requires a lien being placed on the property and possible repayment should the OMIC not operate for ten years. After ten years of successful operation the lien will be removed and the loan forgiven. Should the OMIC fail prior to ten years of operation we will be required to repay OBDD for a 60% prorated share (OBDD's investment of \$2.5M divided by the \$4.15M purchase price) of the property value based on the sale of the property. Should failure occur, as majority investor in the project, OBDD will have the right to approve or reject any offers to purchase the property.

- b. Buyer obtains commitments to participate in the Project from Oregon State University, Portland State University, Portland Community College, and/or other educational institutions with respect to development and operation of the Property;

See attached letters of commitment (Attachment C) from Oregon State University and Portland State University. Portland Community College (PCC) is also fully committed to the OMIC project, however, will focus its efforts on training as opposed to research and development. PCC is in the process of acquiring 20 acres of land in the neighborhood and plans to build a ~25,000 sq. ft. training center on that location. It is likely that PCC will use space in the OMIC R&D Center beginning Spring term 2017 to begin conducting training related to the OMIC and continuing until their new campus is built. In exchange PCC will allow Oregon Tech to use their new training facility for classes, etc. once it is completed.

- c. Buyer obtains commitments to participate in the Project from private industry partners acceptable to Buyer;

To date six commitment letters from industry partners have been received (see Attachment D). One is committing to a Tier One membership (\$300,000 per year for five years) and five Tier Two members (\$45,000 per year for five years). In addition, we have been led to believe that additional commitment letters may be forthcoming. Note: the names of the companies have been redacted as the commitment letters require non-disclosure at this juncture. However, all are major manufacturers who are acceptable to both OBDD and the other parties involved in this endeavor.

- d. Buyer validates the transfer of equipment for the Project from prospective tenants or partners involved in the OMIC endeavor;

Multiple university and industry partners have identified equipment to be transferred for the project. See commitment letters from business and university partners for such detail.

- e. Buyer reaches a favorable determination that a grant or grants from the U.S. Economic Development Administration will likely be available for the Project;

In a recent meeting with the West Coast Leadership from the Economic Development Administration (EDA) expressed strong interest in this project. The EDA encouraged Oregon Tech and Portland Community College to separately apply for up to \$3.0M (for each entity's application). This competitive funding would need to be matched one to one, but our equity in the property would count as match. EDA indicated this funding could be used for road construction – including provision of utilities and other services to our property as well as adjacent properties proximate to the new road to be constructed, building improvements and equipment. The road is estimated to cost \$1.8M with ODOT funding likely to be available to cover the 50% match required by EDA. Given that the road costs will likely be part of the funding request, this is likely to be a joint request with the City of Scappoose. Our plan would be to propose that ~\$900,000 of the EDA prospective funding for the road, leaving a balance of up to \$2.1M for facility improvements or equipment purchases.

- f. Buyer obtains final approval for any changes needed to the zoning for the Property for Buyer's intended use;

Per our earlier due diligence work, no zoning changes will be needed to accommodate our intended use of this property.

- g. Buyer secures permanent legal ingress and egress acceptable to Buyer;

Scott Parker, owner of Scappoose Sand and Gravel and adjacent properties has agreed to give Oregon Tech a strip of land 80 feet wide by 1,300 feet long (comprising 104,000 sq. ft. or 2.39 acres) so we can build a new access road to the property. Land in the area is currently valued from \$100,000 - \$140,000 per acre. This donation will allow Oregon Tech to request its property be annexed into the City of Scappoose and will provide much improved ingress and egress to the property. John Jersey (the property owner) was instrumental in facilitating this donation. See Attachment E Property Donation Agreement for details.

- h. Buyer and its co-participants in the Project form a corporate or other entity acceptable to such parties for the purpose of developing and operating the Project; and

The Northwest Collaboratory for Sustainable Manufacturing (NWCSM) has agreed to transition its current entity into the OMIC entity. This will take place on Sept 29th through amending the articles of incorporation and formally establishing the Oregon Manufacturing Innovation Center as a 501(c)6 entity. This will provide the corporate entity to house the OMIC R&D activities as well as providing the needed conduit for continued State OBDD support for this endeavor. As a part of this governance model OMIC stakeholders and launch partners, as well as existing NWCSM industry partners will serve as the Board of Directors providing guidance and oversight.

- i. Buyer's board of trustees gives final approval, as determined in its sole discretion, for the purchase of the Property, as evidenced by a formal resolution.

See staff recommendation below.

Lessons Learned From this Process:

First and foremost, this is a compelling project that is based on a successful model used in other locations throughout the world. Thus, there was lots of experience and knowledge that has helped shape the endeavor and some of the people involved in the Sheffield England AMRC have been assisting with the start-up of the OMIC. Second, there are committed partners with staffing dedicated to the project who have developed agreed upon protocols for communications, resolving issues as they arise, etc. These protocols, including weekly update meetings have resulted in good communications, collaboration and a shared sense of responsibility for the success of the project. This communication has also acknowledged and helped everyone understand the ebbs and flows that are to be expected with this type of innovative project involving many partners from diverse organizations.

Conclusions:

The project has significant commitments from industry, university and community college partners. The project also enjoys strong support from the City of Scappoose, Columbia County and Legislative leadership. There is strong interest from EDA (at both the regional and national level) to support the project. Such support from EDA can be used for road construction, facility improvements and/or equipment purchase. Funding for both the property purchase and on-going operations are in place. We re-negotiated the purchase price (reducing the price by \$50,000 and got the seller to agree to build a temporary road, new gate entrance to the property and pave a significant portion of the parking lot). In addition, the owner has agreed to re-grade the entire property, upgrade the landscaping and fix all the deficiencies that were identified in the property inspection report. Our best estimate is that these improvements would be valued at \$350,000 - \$400,000 range, thus closing the gap between the agreed upon purchase price of \$4.15 million and the appraisal using market value standards \$3.48M. We also had the appraiser do additional work in determining the \$4.2 million investment value (defined above) of the property. We also have benefitted significantly by the ~\$250,000+ land donation from Mr. Parker which will improve the ingress and egress to the property. Thus, we believe that we are getting a good value on the property. We believe that there is minimal financial exposure for Oregon Tech, yet there is a tremendous upside for faculty research, student internships/involvement and other partnerships with industry and university/college partners. We have also complied with the Board's earlier requirement that we limit our investment in this project to no more than \$1.75M.

Special thanks are due to Bill Gerry, Boeing, Chris Harder, Director OBDD, and Senator Betsy Johnson for their tireless support and advocacy for this project, and to Scott Parker for the land donation needed for the new access road – it simply would not have been possible without the work and contributions from these key individuals.

Staff Recommendation

Staff recommend that the Board approve the OMIC project and authorize staff to proceed in closing the transaction and opening the Oregon Manufacturing Innovation Center in Scappoose, Oregon as of January 1, 2017. Staff further recommend that the President be authorized to

negotiate with sellers a satisfactory amount to be withheld from closing to ensure agreed upon improvements to property as noted above are made – this was recommended by Oregon Tech’s legal counsel. Said holdback would be held in escrow and released upon completion of these improvements.

Attachments

- A – [OMIC Business and Academic Plan](#)
- B – [OBDD OMIC Forgivable Loan Agreement](#)
- C – [OMIC Commitment Letters from University Partners](#)
- D – [OMIC Commitment Letters from Industry Partners](#)
- E – [Property Donation Agreement](#)

**ATTACHMENT A
OMIC BUSINESS AND ACADEMIC PLAN**

**OREGON
MANUFACTURING
INNOVATION CENTER:
RESEARCH &
DEVELOPMENT
CENTER BUSINESS
AND ACADEMIC PLAN**

Shaping the Future of Manufacturing in Oregon

Mike Myers, PhD
Associate Professor
Manufacturing & Mechanical Engineering & Technology
Oregon Institute of Technology

September 22, 2016

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This business and academic plan is intended to assure the Oregon Institute of Technology Board of Directors that purchasing property, a specific property near Portland to house the Oregon Manufacturing Innovation Center (OMIC) Research and Development (R&D) Center, is in Oregon Tech's best interests from both business and academic perspectives. The value to Oregon Tech as a whole and to specific programs including the nascent mechanical engineering program in Wilsonville are detailed.

World-class Opportunity for Oregon and the Oregon Institute of Technology

The OMIC is an extraordinary project that will augment our region's capabilities in metals, machinery, and manufacturing; deliver innovative and efficient solutions to industry; and train the next advanced manufacturing workforce leading to quality jobs. The primary catalyst for OMIC is the co-location of a Research and Development (R&D) Center and Training Academy in Scappoose, a few miles north of Portland.

Seizing the OMIC opportunity by purchasing property in Scappoose to house the R&D Center, Oregon Tech solves three challenges:

- **Name recognition.** While Oregon Tech is certainly well-known in Klamath Falls, the university is little known in other parts of Oregon. Name recognition is noticeably absent in Portland. By purchasing the facility to house the OMIC R&D Center, Oregon Tech is affixing its brand and logo on an extremely visible and high-value endeavor. Respect and praise is already flowing heavily for Oregon Tech's willingness to boldly commit to this endeavor. Tangible benefits will come from legislative advocacy and visibility, especially from Columbia County, industry involvement, and collaboration with our academic partners.
- **Faculty and student recruitment and retention.** Many top faculty want the opportunity to participate in meaningful research such as what will occur with OMIC. Graduate students and post docs also desire to participate in research and education that lead to high-quality and high-paying jobs. The marketplace is extremely competitive for graduates with a baccalaureate. Success in one or more internships is becoming commonplace and employers are increasingly seeking graduates with hands-on research experience. The benefit of OMIC membership applies to all of Oregon Tech's locations.
- **Industry involvement.** The fundamental principle of OMIC is to help solve engineering problems facing the manufacturing industry. With OMIC, Oregon Tech is well-positioned as the region's premier polytechnic to take its relationship with industry to an entirely new level. The impact on the learning environment will transform Oregon Tech's service delivery for undergraduate and graduate programs. Student projects, for example, will become richer and more rewarding.

Background

OMIC is a collaboration between four academic institutions, six industrial manufacturing companies, and state and local government agencies. The Oregon Institute of Technology, Portland State University (PSU), Oregon State University (OSU), and Portland Community College (PCC) round out the academic partners committed to ensuring OMIC's success. The industry partners that have provided letters of commitment are [REDACTED]

[REDACTED] State and local government agencies include the Oregon Legislature, the Office of the Governor, Oregon Employment Department, Business Oregon, Greater Portland Inc., Columbia County, and the City of Scappoose.

The business launch of OMIC will commence in 2017. The combination of industry-driven research and development (R&D) and workforce training facilities make OMIC a distinguished economic asset (Figure 1). Advanced manufacturing research activities from Oregon Tech, PSU, and OSU, and the six industry partners are poised to begin in the OMIC R&D Center shortly after OMIC launch. The OMIC is leveraging the experience gained during the startup and evolution of the Advanced Manufacturing Research Centre (AMRC) in Sheffield, UK. The AMRC started with humble beginnings and a limited set of industry partners, it now boasts a 400-acre research and training campus with over 70 industry partners and annual revenues of \$100M. The University of Sheffield was a 3rd tier university prior to starting the AMRC. The university now enjoys a tier 1 reputation and associated revenue.

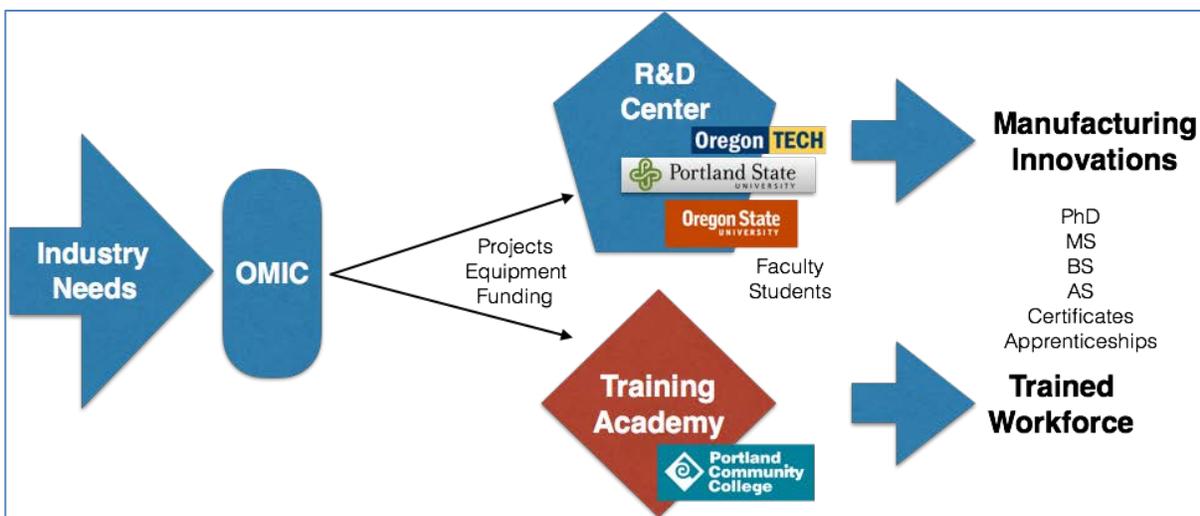


Figure 1. OMIC innovations driven by industry needs.

This R&D Center business plan lays out the business case and value proposition for Oregon Tech to purchase property for housing the OMIC R&D Center. The OMIC Business Plan is a separate document that contains details on the OMIC business case and governance structure. The reader is encouraged to consult the OMIC Business Plan for OMIC details intentionally omitted from the sections that follow here.

OMIC R&D Center revenue will come from leases to academic partners and from OMIC. Fixed revenue from leases with PSU and OSU total \$1,000,000 over their five-year commitments. Variable revenue from OMIC is from a flexible lease based on square footage in use or reserved for OMIC operations. OMIC R&D within the R&D Center will ramp up over time. Based on OMIC projections, we estimate OMIC operations will consume the entire R&D Center within four years.

OMIC revenue consists of annual industry memberships, fee-for-service research contracts, grants, and in-kind donation of equipment and services. The OMIC will follow a tiered membership structure starting with a five-year commitment where Tier 1 members pay OMIC \$300,000 per year and Tier 2 members pay OMIC \$45,000 per year. Companies not wishing to join OMIC as a Tier 1 or Tier 2 member will be able to access the research through either consultancy or by funding individual projects (fee-for-service contracts). The goal was to have three industry partners committed to the OMIC launch. We have exceeded this goal with six industry partners (Figure 2).

The R&D Center value proposition is multifaceted with significance to industry, academia, and the region. The industry value is to enhance the competitiveness of metals manufacturing companies of all sizes through a partnership among industry, universities and government, as well as provide a critical mass and magnet for other manufacturing companies—thus, creating an innovation center for advanced manufacturing in Oregon. The R&D Center will be a deeply integrated applied research facility comprised of technically talented people of all levels who have access to state-of-the-art technology. R&D turns knowledge into value. Industry-led technology offers a pathway for products to move into the marketplace, creating economic value for the participants, in turn generating economic value for the region. Commercialization of technology fuels economic activity. The vision of OMIC is a thriving region driven by a cluster of high-value manufacturing companies and supply chain firms co-located with research and workforce training operations that serve the needs of industry and the surrounding community.

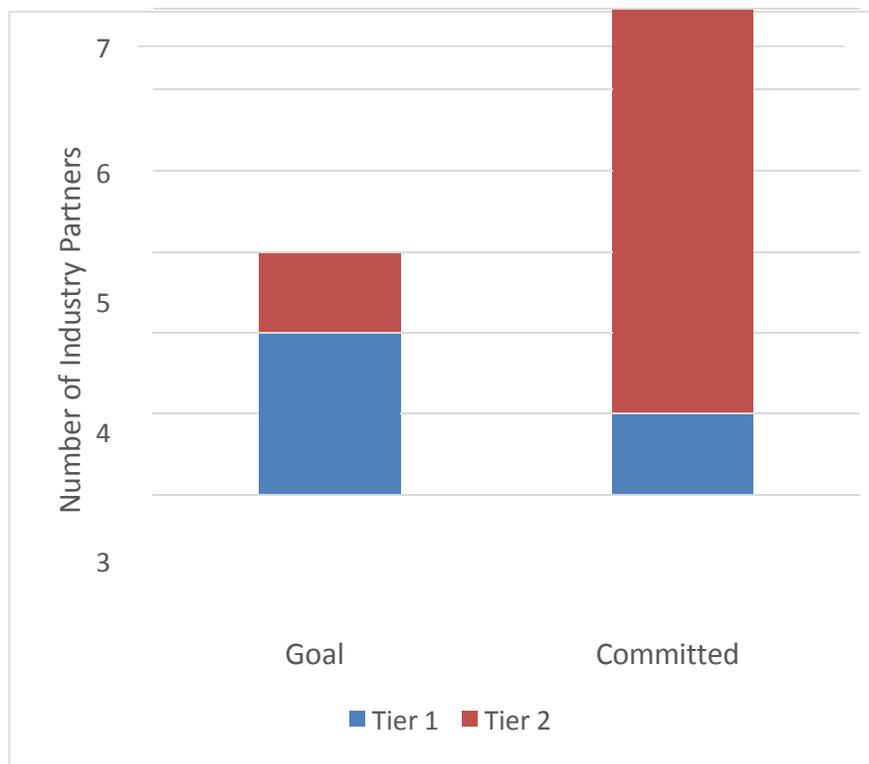


Figure 2. Number of OMIC Industry Launch Partners

In 2008, \$9.4M in bond funds were approved by voters for PCC to create an education center in Columbia County. In 2016, the State of Oregon committed \$7.5M to create the OMIC with \$2.5M earmarked for purchasing the R&D Center property and \$5M for the Training Academy. An additional \$6M in US Economic Development Administration (EDA)

funding is being pursued and will be split between the R&D Center and the Training Academy with the R&D Center funds intended for property improvements. \$0.9M in Oregon Department of Transportation (ODOT) funds are being pursued to complete the necessary road improvements to serve the R&D Center. Figure 3 illustrates the funding sources and amounts for the R&D Center and the Training Academy.

██████ is so committed to the effort that they are funding AMRC leadership to help stand up OMIC. AMRC is heralded as “one of the most desirable addresses for advanced manufacturing in the UK”¹, the AMRC Sheffield and its surrounding area is among those select regions in the world recognized as an innovation district. Innovation districts have the unique potential to spur productive, inclusive and sustainable economic development. In periods of slow growth, they can serve as a base for job creation and company expansion by helping companies, entrepreneurs, universities, researchers and investors—across industries and disciplines—co-invent and co-produce new discoveries for the market. Often, these districts are proximate to low/moderate-income neighborhoods and can be a catalyst in expanding employment and educational opportunities for disadvantaged populations and underserved communities. Further, innovation districts lend to the prospect of denser residential and employment patterns, leveraging mass transit and transportation corridors to better connect people to work and home.²

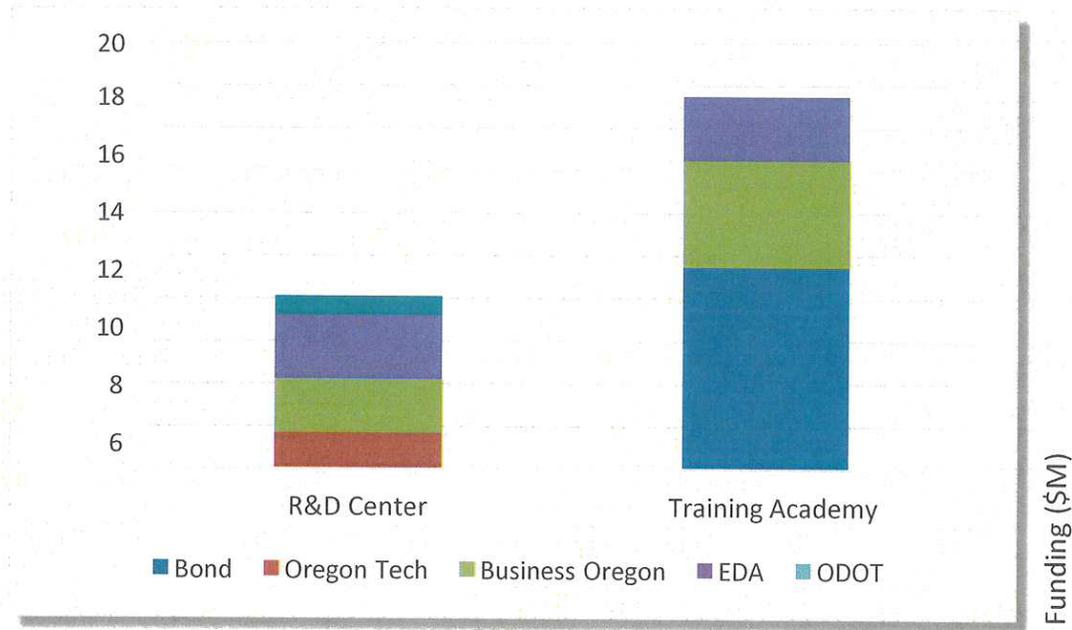


Figure 3. Funding sources for the R&D Center and the Training Academy.

1

<http://www.amrc.co.uk/news/the-mayfair-of-manufacturing/>

² "The Rise of Innovation Districts: A New Geography of Innovation in America" (2014). Bruce Katz; Julie Wagner.

Like AMRC Sheffield in maturation, OMIC at build-out has a profound opportunity to transform the economic landscape, not only of Scappoose and Columbia County, but also of Greater Portland, Oregon, and beyond.

PCC will focus on serving students through industry-sponsored skilled apprenticeships, leading to postsecondary credentials and family-wage jobs. As the educational accrediting partner for these training activities, PCC will work closely with metals manufacturing companies. Initial apprenticeships will target underserved students in metals manufacturing. PCC plans to build a new facility to house the OMIC Training Academy in Scappoose. The OMIC Training Academy Business Plan is currently being drafted by PCC.

Property Purchase

Oregon Tech entered into a purchase agreement with Roll Tide Properties Corp. on May 9, 2016 to purchase property in Scappoose, Oregon for housing the OMIC R&D Center.

Property details include:

- Property address: 33619 NE Crown Zellerbach Road, Scappoose, Columbia County, Oregon 97056
- Purchase price: \$4.15M
- Site area is 10.46 acres or 455,189 square feet
- Industrial building constructed in 2008 containing 33,816 square feet of rentable area
- Construction is reinforced concrete slab foundation with steel frame and metal exterior walls
- 20,700 sf of high-bay space suitable for manufacturing R&D activities
- 15 offices, approximately 250 sf each, suitable for faculty, students, and industry partners
- One 1,518 sf room suitable for conference and instruction activities
- Three rooms totaling 2,000 sf suitable for research lab activities

Figures 4-8 illustrate the building exterior and interior while Figures 9 and 10 contain the floor plans for the two levels in the building. Figures 11-13 contain satellite views of the property and a map of the Portland area indicating the proximity of Scappoose and Wilsonville.



Figure 4. Proposed OMIC R&D Center in Scappoose. Representative signage added.



Figure 5. Conference room that can also serve as a classroom and training room.



Figure 6. Representative office of the 15 offices available in the building. Each office is approximately 250 sf.



Figure 7. 20,700 sf high-bay space for R&D activities.

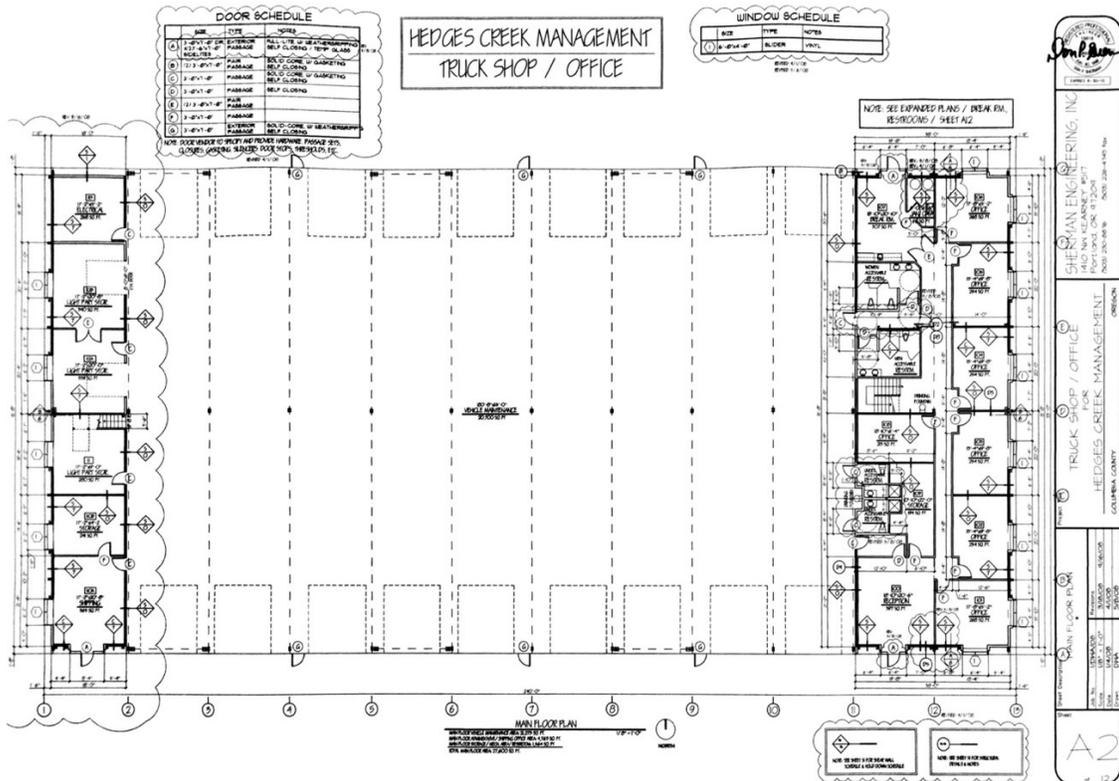


Figure 8. Main-level floor plan.

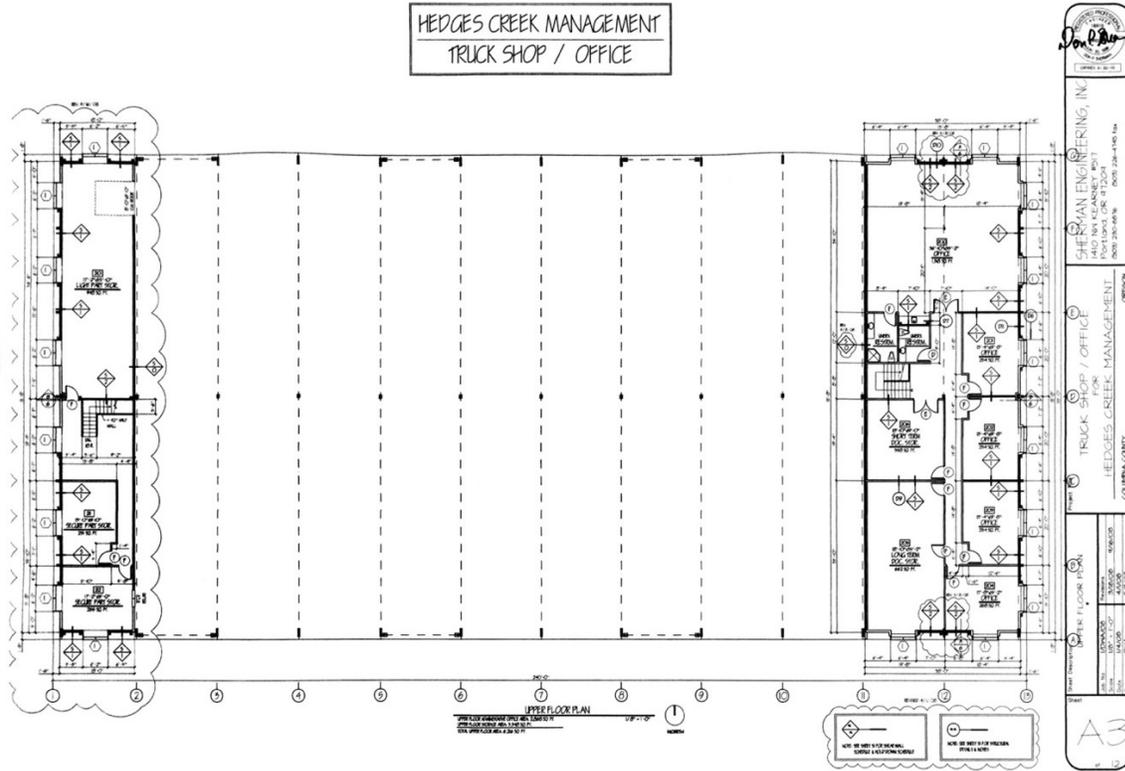




Figure 11. Satellite view of property and surrounding area.



Figure 12. Satellite view indicating property boundaries.

The State of Oregon will provide Oregon Tech \$2.5M towards the property purchase. Terms and conditions for the funding include a lien that stipulates if Oregon Tech sells the property, the State will share in the gain or loss at the time of sale. The lien expires ten years from the purchase date.

The purchase timeline includes:

- Original purchase agreement: May 9, 2016. Purchase price set at \$4.2M
- 2nd Addendum: July 18, 2016. Purchase price set at \$4.15M
- Final due diligence waiver date: Not later than October 3, 2016
- Closing and possession: Not later than November 2, 2016

Since access to the property currently requires traversing the adjacent gravel pit owned by Mr. Scott Parker, Mr. Parker is donating to Oregon Tech 2.38 acres of land to be made into an access road from West Lane Road (Figure 13). As part of the purchase agreement, the seller will build a temporary road (Phase 1) by March 31, 2017 to serve the property from West Lane Road. EDA and ODOT funds are being sought to complete Phase 2 which will include installation of utilities, paving, sidewalks, and landscaping. The intent is for Oregon Tech to donate this land to the City of Scappoose which will enable the city to annex both the new road and the subject property. We anticipate that Phase 2 will be complete in 2018. Ultimately, these improvements increase the property value.



Figure 13. Satellite view indicating planned access road. Phase 1 to be a temporary road built by the seller.

Value proposition

Oregon Tech purchasing the Scappoose property brings with it membership in OMIC.

The **direct return on investment** Oregon Tech receives as a consequence of membership in OMIC includes:

- \$4.1M building for \$1.65M by leveraging the State of Oregon's investment if held for ten years.
- The NWCSM is morphing into OMIC and Business Oregon will be funding OMIC in its operating budget. OMIC membership allows Oregon Tech to receive a portion of that funding each year.
- Partnering with Business Oregon allows us to request additional state funding for capital and operations if needed downstream.
- Access to bid on \$2M+ per year of OMIC industry applied research dollars
- Participation in larger Federal grant initiatives such as the National Network for Manufacturing Innovation (NNMI).
- Opportunities to collaborate with PSU, OSU, and PCC.
- Access to equipment that Oregon Tech faculty and students would otherwise be unable to afford.
- Cost sharing for the maintenance and upgrade of equipment.
- Faculty and staff professional development through state-of-the-art work with the latest technologies.
- Support for graduate and undergraduate students.
- Return on initial Oregon Tech investment through externally-funded improvements

The **indirect** returns include:

- Increased reputation that draws better faculty and students.
- Capstone and internship opportunities for students.
- Increased faculty compensation through participation in industry-university collaborative applied research.
- Learning lab for a broader section of Oregon Tech programs to demonstrate cross-discipline capabilities.
- Direct connection with industry members who provide career opportunities for our students.
- Accelerated expansion of the MMET program based on tight connections with industry and PCC.

The Wilsonville expansion of the Manufacturing & Mechanical Engineering & Technology (MMET) program has been planned for some time, based on the Portland area demand and opportunity for Oregon Tech. We hired one new faculty member in August, Dr. Mike Myers, using grant-funding from the Northwest Collaboratory for Sustainable Manufacturing (NWCSM), a precursor to OMIC. The search for another faculty member, also funded by the NWCSM, is underway. The search for a new faculty member to serve as the Mechanical Engineering Program Director is also underway. These searches will result in a cohort of five MMET faculty in Wilsonville with two of those faculty dedicating 50% of academic year effort and 100% of summer effort to OMIC research and research opportunities available for the other three MMET-Wilsonville faculty. Additionally, significant research opportunities will exist for Oregon Tech faculty in Klamath Falls and other locations.

We expect to deliver didactic portions simulcast between OMIC and the Wilsonville campus so that students can attend classes at either location. Labs will be conducted at the most appropriate facility. Our BSME is offered in the metro area under an MOU with Portland State University, where we offer nights/weekends programming and they offer daytime programming. Oregon Tech also has an approved MS in Engineering, which we may configure to offer niche degrees that address cross-discipline areas related to solving problems for our manufacturing base.

We anticipate an uptick in our applications and enrollments once the OMIC is seriously underway. There is substantial demand in the Portland metro area for a nights/weekends BSME program. In addition, our local Wilsonville industry also has demand for specialists in manufacturing, and we expect that contacts through OMIC may result in additional demand being identified. The co-located PCC apprenticeship program should provide a natural pathway and connection to students with aspirations for full engineering degrees. Additionally, the industry partners of the OMIC will have continuing education needs, and there is a great opportunity to offer short courses on the distinguished equipment expected to be housed at OMIC.

OMIC provides additional strategic opportunities for our Bachelor of Applied Science (BAS) in Technology & Management and Operations Management programs. Since the PCC Training facility will be granting apprenticeships, the graduates should be eligible to enroll in Oregon Tech's Bachelors of Applied Science in Business. This degree is tailored to graduates with two-year terminal technical degrees and is ideally suited for connecting with this population for those who aspire to a BS degree for career reasons. This is a unique offering in the state. Having a site in Scappoose with the same simulcast potential with Wilsonville opens up another region for access by place-bound students. In addition, OMIC provides a learning environment for our Operations Management students, perhaps for capstone projects.

Management Plan

Oregon Tech will operate in the OMIC in two roles: landlord and academic partner. Separating the two roles will be crucial to prevent apparent and actual conflicts of interest. The OMIC governance structure, detailed in the OMIC Business Plan, includes an OMIC Board of Directors and a cadre of business directors. Oregon Tech will have a seat on the OMIC Board. The OMIC Board and the OMIC business directors will determine which research projects receive OMIC funding and which OMIC-funded and externally-funded research projects are conducted in the Oregon Tech-owned OMIC R&D Center. As the R&D Center landlord, Oregon Tech will have the responsibility to provide a safe environment for OMIC operations. Facility maintenance, landscaping, utilities, insurance, security, and custodial services will be Oregon Tech's responsibility.

Dr. Mike Myers, Oregon Tech MMET faculty, will have his research office located in the OMIC R&D Center immediately after Oregon Tech takes possession. He will be responsible for ensuring facility operations, maintenance, and improvements are conducted to sufficient standards and in a timely manner. His plan is to spend teaching days in Wilsonville (two days per week) and research days in Scappoose (three days per week).

Both PSU and OSU have committed to five-year leases directly with Oregon Tech at a rate of \$100k/year for each institution (see Appendix A). OMIC will lease space from Oregon Tech as well. Terms of the OMIC lease have not yet been defined. We anticipate a lease based on space reserved for OMIC operations.

Since OMIC, PSU, OSU, and Oregon Tech will not fully utilize the available space in the R&D Center during the initial stages of Oregon Tech's property ownership, short-term leases with parties external to the OMIC will be pursued. For example, current tenants in the building, JLJ Earthmovers and Northbank Civil & Marine, are interested in a short-term lease which will allow them time to find other suitable locations for their operations.

PCC will conduct training operations in area high schools, existing PCC facilities, and in the R&D Center. The OMIC Steering Committee and Oregon Tech has agreed to dedicate up to 10% of the R&D Center for PCC to conduct OMIC training. PCC has approximately \$17M in state and bond funding to purchase property in Scappoose, build improvements on that land, and operate the OMIC Training Academy from that new facility.

The property PCC intends to purchase is near the subject property. Their new facility is scheduled for opening in 2018. We foresee PCC training operations to continue indefinitely in the R&D Center to allow PCC to leverage R&D manufacturing systems that are cost prohibitive to procure for the Training Academy facility.

Operational Plan

An OMIC R&D Center Operational Plan will be developed after the property purchase decision is made.

R&D Plan

Oregon Tech's R&D plan for the OMIC R&D Center, which is distinct from the OMIC R&D plan, consists of four elements:

- Conducting OMIC-funded research with Oregon Tech faculty, staff, and students in collaboration with OMIC partners
- Conducting OMIC-funded research exclusively with Oregon Tech faculty, staff, and students
- Capitalizing on the R&D Center's unique capabilities for conducting Oregon Tech student projects
- Leveraging the facility to conduct Oregon Tech externally-funded, non-OMIC research

OMIC membership dues from industry will be used by OMIC to conduct research. Oregon Tech faculty, staff, and students will be participating in OMIC-funded research in collaboration with other academic and industry partners as well as participating in OMIC-funded research without collaboration with other partners. Projects will be proposed annually to OMIC and the OMIC will decide which projects receive OMIC funding.

OMIC will be attracting equipment donations from industry. Companies benefit from active OMIC

research to solve their manufacturing problems and they benefit from OMIC marketing and exposure to increase sales.

Oregon Tech can leverage this equipment for student projects, training, and faculty research. Access to OMIC equipment eliminates Oregon Tech investment. While specific equipment has not yet been committed for OMIC launch, candidate equipment includes advanced cutting tools such as laser, water, and arc systems, mills, friction stir welders, linear friction welders, metal additive manufacturing equipment, and robotic systems. Many of the manufacturing systems being pursued cost more than \$1M each. Students that have achieved a certain level of operation competency and knowledge with a company's system at OMIC will be very competitive as that company looks to hire staff.

The NWCSM has committed \$100k to Oregon Tech for research equipment. Once the facility purchase is complete, Dr. Myers will formalize plans for purchasing equipment in 2017 to be installed and operated in the OMIC R&D Center. Additional equipment grants will be pursued in 2017 and beyond. Additionally, if PCC locates equipment such as welding, cutting, and CNC equipment in the R&D Center, Oregon Tech faculty, staff, and students would have access to this equipment eliminating costs for OMIC and Oregon Tech.

Externally-funded research projects can also be performed at OMIC. For example, Dr. Myers came to Oregon Tech with an existing \$300k Phase II Small Business Technology Transfer (STTR) contract on metal additive manufacturing. The contract is funded by NAVAIR with Keystone Synergistic Enterprises, Inc. as the small business prime. He plans on conducting research for this contract at the OMIC R&D Center. Opportunities exist for students to help Dr. Myers perform the research effort. These types of externally-funded efforts can potentially benefit OMIC industry partners and also provide our students with access to state-of-the-art equipment.

Academic Plan

We expect OMIC participation to bring new enrollments in the Mechanical Engineering, Manufacturing Engineering, Technology & Management, and Operations Management programs in Wilsonville. Cross-metro area access, enabled by our membership in OMIC, expands our market beyond Wilsonville to include more of Portland and beyond to Columbia County. Tight integration with OMIC training programs conducted by PCCyield a new source of students matriculating from certificate and associate programs.

OMIC academic initiatives will benefit Klamath Falls students as well as those in the Portland area. The very nature of OMIC brings advanced manufacturing and advanced engineering methods to the forefront. Faculty performing OMIC research will need students capable of solving advanced engineering problems. These faculty will offer new courses in areas such as heat transfer, fluid mechanics, tribology, metrology, and metallurgy. Distance learning technologies can be used to expand the reach of those courses conducted at OMIC to include students in Wilsonville, Klamath Falls, and Seattle/Boeing. Technology & Management and Operations Management programs benefit from OMIC exposure through exposure to management of OMIC projects and integration with industry partners.

Table 1 contains projected revenue and expenses from academic operations associated with the OMIC. These projections include Oregon Tech grants and equipment donations to support Oregon Tech operations at OMIC. These projections do not include equipment donations to OMIC. These projections also include estimated faculty, staff, and capital expenses.

Table 1. Projected new enrollment impact in Wilsonville due to OMIC membership							
Costs	A2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Faculty	0	0	100,000	200,000	200,000	200,000	200,000
Staff	0	0	10,000	10,000	10,000	15,000	15,000
Equipment Ops	0	0	2,000	4,000	6,000	8,000	10,000
Total	\$0	\$0	\$112,000	\$214,000	\$216,000	\$223,000	\$225,000
Revenues	A2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Tuition	0	0	0	32,225	61,520	95,209	127,433
Grants	0	0	320,000	460,000	520,000	670,000	800,000
Total	\$0	\$0	\$320,000	\$492,225	\$581,520	\$765,209	\$927,433
Operating Net	A2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	\$0	\$0	\$208,000	\$278,225	\$365,520	\$542,209	\$702,433
Capital	A2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Acquisition	\$0	\$0	\$100,000	\$100,000	\$100,000	\$150,000	\$150,000
Equipment Amo	0	0	0	16,667	33,333	50,000	75,000
Total	\$0	\$0	\$0	\$16,667	\$33,333	\$50,000	\$75,000
Net	A2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	\$0	\$0	\$208,000	\$261,558	\$332,186	\$492,209	\$627,433

Marketing Plan

Two types of marketing will occur related to the OMIC R&D Center: marketing OMIC research and training capabilities and marketing Oregon Tech's facility, research, and educational capabilities. From a facility perspective, we envision frequent facility tours for dignitaries, industry representatives, customers, potential customers, school groups, the general public, and potential students. These tours will be time consuming and care must be taken to keep the facility in constant, tour-ready mode. OMIC resources will be leveraged when possible to conduct these tours, however we envision Dr. Myers will be significantly involved in these tours during the OMIC startup phase. Some facility improvements, such as flat-screen TVs and projector systems, will be needed to showcase OMIC activities and the facility. Operating revenue, OMIC funding, and external funding are possible sources of funds for covering these facility improvements.

Marketing Oregon Tech's research and educational opportunities in the R&D Center will be conducted in coordination with Oregon Tech Wilsonville's marketing staff. The message will be clear: Oregon Tech

and the OMIC represent an outstanding opportunity to participate in applied research and applied learning side-by-side with leading manufacturing companies. Marketing the facility will mainly be for ensuring full utilization with the goal of maximizing revenue. Leases to non-OMIC entities will be pursued in the short-term until OMIC operations consume the entire facility.

Financial Plan

An auxiliary account will be created for the OMIC R&D Center to capture and separate all facility revenue and expenses. Revenue comes from leases and external funding for capital improvements. PSU and OSU have committed to five-year leases at a rate of \$100k per year for each institution. To illustrate the economic viability of the purchase, Table 2 contains estimated revenue and expenses if no OMIC research is performed within the facility. Oregon Tech, PSU, and OSU research within the facility is included in this scenario since Oregon Tech will own the facility and PSU and OSU will be paying rent to Oregon Tech. With effective expense control and conservative estimates for 3rd party tenant rental income, net income is estimated to be approximately \$100k per year – a 6% return on the purchase investment.

Table 2. OMIC R&D Center facility projected revenue and expenses with Oregon Tech, PSU, and OSU research only (no OMIC research)

	2017	2018	2019	2020	2021	
Revenues						
Lease						
OSU	100,000	100,000	100,000	100,000	100,000	
PSU	100,000	100,000	100,000	100,000	100,000	
Oregon Tech	0	0	0	0	0	
OMIC	0	0	0	0	0	
Other	10,000	36,000	36,000	37,800	37,800	<i>Current tenants plus others</i>
Total	\$210,000	\$236,000	\$236,000	\$237,800	\$237,800	
Expenses						
Maintenance	30,000	30,000	30,000	30,000	30,000	<i>Minimal maintenance to retain</i>
Landscaping	0	500	500	500	500	<i>Minimal landscaping</i>
Internet/Telecom	1,000	1,000	1,000	1,000	1,000	<i>Minimal service</i>
Taxes	0	0	0	0	0	<i>Assumes tax exempt</i>
Insurance	12,363	12,363	12,363	12,981	12,981	<i>Excludes contents. Includes basic</i>
Water/sewer	0	3,600	3,600	3,600	3,600	<i>Assume city annex</i>
Trash/recycling	1,000	1,000	1,000	1,000	1,000	
Energy	6,000	6,120	6,242	6,367	6,495	
Custodial	10,000	10,300	10,609	10,927	11,255	<i>Basic janitorial service</i>
Security	5,000	5,000	5,000	5,000	5,000	<i>Basic security functions</i>
Professional services	10,000	5,000	5,000	5,000	5,000	<i>Legal; contracting</i>
Property management	30,000	31,200	32,448	33,746	35,096	<i>Contracted; 24 hour coverage.</i>
Uncertainty	25,000	25,000	25,000	25,000	25,000	<i>To accommodate estimate</i>
Total	\$130,363	\$131,083	\$132,762	\$135,121	\$136,926	
Net						
	\$79,637	\$104,917	\$103,238	\$102,679	\$100,874	

Table 3 contains estimated revenue and expenses when projected OMIC research is included. The revenue model from OMIC is based on a per square foot lease for the space the OMIC uses. Full occupancy, where OMIC is consuming all of the available square footage, is projected to occur in 2019 and beyond. Net revenue could be used to improve the existing facility and providing matching funds for new construction to accommodate OMIC growth.

Table 3. OMIC R&D Center facility projected revenue and expenses with OMIC research included

	2017	2018	2019	2020	2021	
Revenues						
Lease						
OSU	100,000	100,000	100,000	100,000	100,000	
PSU	100,000	100,000	100,000	100,000	100,000	
Oregon Tech	0	0	0	0	0	
OMIC	30,000	100,000	175,000	270,000	300,000	<i>Assumes full occupancy by 2020</i>
Other	10,000	20,000	20,000			<i>Current tenants plus others</i>
Total	\$240,000	\$320,000	\$395,000	\$470,000	\$500,000	
Expenses						
Maintenance	30,000	30,000	30,000	30,000	30,000	
Landscaping	5,000	5,000	2,000	2,000	2,000	
Internet/Telecom	2,000	3,000	3,500	4,000	4,000	
Taxes	0	0	0	0	0	<i>Assumes tax exempt.</i>
Insurance	12,363	12,363	12,363	12,981	12,981	<i>Excludes contents. Includes basic liability.</i>
Water/sewer	0	4,000	5,000	5,200	5,408	<i>Assume city annex.</i>
Trash/recycling	1,000	1,500	2,000	2,000	2,000	<i>OMIC to cover hazardous waste disposal</i>
Energy	7,000	12,000	16,000	20,000	20,000	
Custodial	30,000	30,600	31,212	31,836	32,473	<i>Day use janitorial</i>
Security	10,000	50,000	50,000	50,000	50,000	<i>24 hour monitoring. Not on site.</i>
Professional services	20,000	10,000	10,000	10,000	10,000	<i>Legal; contracting.</i>
Property management	30,000	31,200	32,448	33,746	35,096	<i>Contracted; 24 hour coverage.</i>
Uncertainty	20,000	25,000	30,000	35,000	35,000	<i>To accommodate estimate uncertainty</i>
Total	\$167,363	\$214,663	\$224,523	\$236,763	\$238,957	
Net						
	\$72,637	\$105,337	\$170,477	\$233,237	\$261,043	

Exit Plan

The financial plan in the next section indicates the financial viability of the OMIC R&D Center, even with no research activity and no OMIC lease payments. The five-year, \$100k per year leases from PSU and OSU are estimated to cover all of Oregon Tech's expenses for the first five years of property ownership.

Should Oregon Tech need to sell the property while the OMIC is still operational, PSU, OSU, OMIC industry partners, or outside investors would be potential buyers. If the OMIC is not operational, the property would need to be marketed to the light and heavy industrial sector. The reader is reminded that the State of Oregon participates in the gain or loss from the property sale if Oregon Tech sells the property within 10 years. With Oregon Tech's investment of \$1.75M and the State's investment of \$2.5M, Oregon Tech stands to benefit the most if the property is retained for at least 10 years.

Risk

For capital risk, if the OMIC fails to take off in the next five years, we can sell the property. We could see downside risk on the capital in this case, but we would share that pro-rata with Business Oregon. There could be upside as well, which we would in turn share on a pro-rata basis. The property is inside the urban growth boundary, and development in the area is anticipated albeit speculative. After ten years, Business Oregon will relinquish their claim to the \$2.5M capital investment, and all proceeds would go to Oregon Tech, minimizing the risk of any potential capital loss from that point forward.

For operational risk, we need to cover the base costs to hold the building available to the tenants. The five- year leases with PSU and OSU will cover all of the facility base costs. Other infrastructure improvements would need to come from grants generated by Oregon Tech and the OMIC. For Oregon Tech, conservative estimates for the increase income from the grants and equipment benefits will cover the cost of money of the \$1.7M capital investment, even if we assume we would see no appreciation on the property.

Lack of industry engagement is a risk. The risk appears to be low since the OMIC is starting off with strong industry commitment in the form of one Tier 1 member, five Tier 2 members, and one associate member. [REDACTED] has launched fourteen similar research centers across the globe. [REDACTED] has led the OMIC industry recruitment efforts to date. Having their backing and resources will help ensure the current industry partners stay engaged and new partners are recruited.

Lack of academic partner engagement is also a risk. PSU and OSU have made strong commitments to the R&D Center's success with five-year leases and faculty and equipment commitments. PCC is committed to building and operating the OMIC Training Academy and will operate training programs in the R&D Center even after the OMIC Training Academy is operational. Lack of follow-through from PSU and OSU may limit the R&D growth but shouldn't jeopardize OMIC's success. Lack of follow-through from PCC, while not catastrophic to the program, would limit OMIC's value proposition.

While too much interest seems like a good problem, the lack of capacity to deliver to interested partners could erode confidence in the strategic management. This can be addressed with a long term plan for growth and expansion, e.g., opportunities for additional facilities, additional land, etc.

The **risk of not participating** in OMIC has significant implications for Oregon Tech. Federal, State, and local support is likely to continue to flow into this initiative. If Oregon Tech does not participate, we will be left out of the loop and our competitiveness in the region will diminish.

Success Metrics

The **financial** success metrics for this purchase include (Figure 14):

- Facility is sustainable without research projects
- Oregon Tech researchers participate in at least 1/3 of the OMIC-funded research performed in the R&D Center
- Oregon Tech researchers generate external research funding and OMIC research funding to sustain three faculty and their research teams in the R&D Center

- All facility improvements are accomplished using reserve funds generated from facility leases or with external funding (e.g., elevators, ADA compliance, HVAC, etc.)
- Facility improvements accomplished with EDA funding

The **academic mission** success metrics for this purchase include:

- Oregon Tech students leverage the OMIC R&D Center for student projects
- Oregon Tech students become more competitive in the marketplace
- Recruitment and retention of high-caliber, top-producing faculty
- Recruitment and retention of top graduate students and postdocs
- Recruitment and retention of outstanding undergraduate students
- Oregon Tech’s academic and industry reputation is enhanced on regional, national, and international levels
- A thriving MMET program that capitalizes on OMIC’s uniqueness

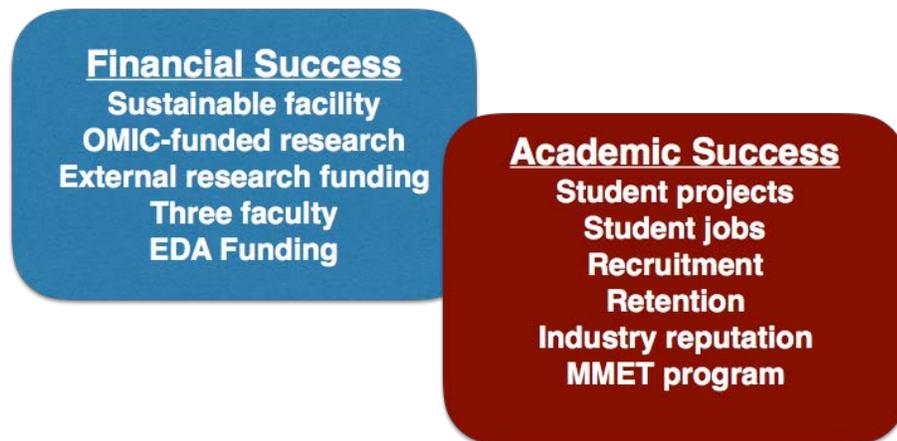


Figure 14. Success metrics.

Conclusion

The business case is compelling for Oregon Tech to purchase the subject property and become the lead academic institution launching the OMIC. This is a world-class opportunity that will bring name recognition to Oregon Tech, attract top faculty and students, significantly enhance student learning, and will forge new and lasting relationships with industry partners. The importance of OMIC on the mechanical engineering program’s success in Wilsonville is significant. The five-year leases from PSU and OSU ensure the financial viability of the property and the likelihood the facility will reach full occupancy by 2020 is very high.

Appendix A – Facility Improvements

The following pages detail identified building and site improvements. The list is grouped by category (e.g., pre-purchase, pre-launch, etc.). Some of the improvements are needed immediately or in the short-term to support OMIC operations while other improvements have been identified but no timeline has been set.

	R&D Facility Improvements		UPDATED: 12-Sep-2016						
Item #	Improvement	Requirement / Basis	Cost Estimate	Funding Source	Due By (date)	Notes	Responsible Party	Grouping	group #
10	8.7.4 Landscaping	(a) re-landscape area immediately around building		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
11	8.7.4 Landscaping	(b) cut back vegetation by HVAC units on east side of building		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
12	8.7.4 Landscaping	(c) cut back all vegetation on property (and fence)		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
13	8.7.5 Other Building and Property Improvements	(a) caulk and paint vents on west side of building		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
14	8.7.5 Other Building and Property Improvements	(b) properly terminate and insulate wiring in electrical room		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
15	8.7.5 Other Building and Property Improvements	(c) reseal and lap the roof ridge cap		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
16	8.7.5 Other Building and Property Improvements	(d) repair the leak at the ridge cap on west side of building		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
17	8.7.5 Other Building and Property Improvements	(e) reattach or replace ceiling insulation		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
18	8.7.5 Other Building and Property Improvements	(f) repair broken window(s) on west side of building		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
19	8.7.5 Other Building and Property Improvements	(g) replace insulation located on east side [AC] units of building		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
20	8.7.5 Other Building and Property Improvements	(h) vacuum, sweep and remove debris		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
21	8.7.5 Other Building and Property Improvements	(i) fully service and repair all HVAC units at the site		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
22	8.7.5 Other Building and Property Improvements	(j) repair faucet in upstairs conference room		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
23	8.7.5 Other Building and Property Improvements	(k) seal the grout in women's restroom		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
24	8.7.5 Other Building and Property Improvements	(l) repair light switch (outside the building) and replace light bulbs		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
25	8.7.5 Other Building and Property Improvements	(m) reattach plexiglass panel at fire control panel in shop area		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
27	8.7.5 Other Building and Property Improvements	(o) pump the septic system; clean and root the drain field piping		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
28	8.7.5 Other Building and Property Improvements	(p) fire sprinkler system: inspect, certify and tagged for fire marshal requirements, including pumps at fire tank house		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1

	R&D Facility Improvements		UPDATED: 12-Sep-2016						
Item #	Improvement	Requirement / Basis	Cost Estimate	Funding Source	Due By (date)	Notes	Responsible Party	Grouping	group #
29	8.7.5 Other Building and Property Improvements	(q) overhead doors: perform maintenance and adjustments and replace all worn cables		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
32	8.7.5 Other Building and Property Improvements	(t) furnish new bark dust in planters		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
33	8.7.5 Other Building and Property Improvements	(u) wash off concrete, siding and exterior windows of building		included in site purchase	Building Purchase	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	pre-purch	1
64	Negotiate Property Management contract	Needed to occupy and operate facility			8-Sep-2016		OIT-Trish Hower	pre-purch	1
65	Transfer utilities to OIT - elec., etc.	Needed to occupy and operate facility - based on Operations Plan			Building Purchase		Kidder Mathews	pre-purch	1
76	Establish 'Auxiliary' to capture R&D Facility revenue and expenses	Needed to occupy and operate facility			Building Purchase		OIT-Trish Hower	pre-purch	1
67	Set up management company access to building and review expectations	Needed to occupy and operate facility - based on Operations Plan			Launch		OIT-Trish Hower	pre-launch	2
68	Move initial OIT furniture and office equipment into facility	Needed to occupy and operate facility - based on Operations Plan			15-Nov-2016		OIT-Mike Myers	pre-launch	2
69	Set up phones	Needed to occupy and operate facility - based on Operations Plan			Launch		OIT-Jeff Hower Kidder Mathew	pre-launch	2
70	Set up Internet service and WiFi	Needed to occupy and operate facility - based on Operations Plan			Launch		OIT-Jeff Hower Kidder Mathews	pre-launch	2
71	Perform cleaning that is not covered by purchase contract	Needed to occupy and operate facility - based on Operations Plan			Launch		Kidder Mathews	pre-launch	2
73	Develop Operating Plan	Needed to occupy and operate facility			Launch		OIT-Mike Myers	pre-launch	2
75	Classroom(s) Retrofit including furniture and technology	Needed for anticipated growth of facility utilization			Launch		OIT-Trish Hower OIT-Jeff Hower	pre-launch	2

	R&D Facility Improvements		UPDATED: 12-Sep-2016						
Item #	Improvement	Requirement / Basis	Cost Estimate	Funding Source	Due By (date)	Notes	Responsible Party	Grouping	group #
77	Preparations for a Launch event (extraordinaire) OMIC R&D Facility	To communicate to community that OMIC R&D Facility is ready To celebrate the efforts of various contributing stakeholders			Launch		OMIC-GPI-OIT-	pre-launch	2
2	8.7.1 Temporary Road	(a) 600' gravel road		included in site purchase	31-Mar-2017	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	by seller	3
3	8.7.1 Temporary Road	(b) two gates at property entrances		included in site purchase	31-Mar-2017	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	by seller	3
4	8.7.2 Easement and Access	(a) access for road (from Parker)		included in site purchase	31-Mar-2017	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	by seller	3
5	8.7.2 Easement and Access	(b) right of way from West Lane Road to property		included in site purchase	31-Mar-2017	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	by seller	3
6	8.7.3 Parking Area	(a) Pave Parking Area and pave two entrance areas		included in site purchase	31-Mar-2017	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	by seller	3
7	8.7.3 Parking Area	(b) grade entire Parking Area		included in site purchase	31-Mar-2017	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	by seller	3
8	8.7.3 Parking Area	(c) fill potholes		included in site purchase	31-Mar-2017	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	by seller	3
9	8.7.3 Parking Area	(d) clean parking lot		included in site purchase	31-Mar-2017	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	by seller	3
31	8.7.5 Other Building and Property Improvements	(s) complete regrading of gravel at the Property to remove grass and weeds, including low spots in the gravel yard		included in site purchase	31-Mar-2017	per contract addendum (18-Jul-2016)	Roll Tide Property Corp.	by seller	3
34	Fire detection and suppression system	TBD - based on Environmental, Health and Safety (EHS) review by OIT representative			15-Sep-2016	reference Richard Ellis June 2016 review; ***see Item #28 above	OIT-Sherry Himelwright	TBD-rev	4
35	Fire Hydrant	TBD - based on Environmental, Health and Safety (EHS) review by OIT representative			15-Sep-2016	reference Richard Ellis June 2016 review; ***see Item #28 above	OIT-Sherry Himelwright	TBD-rev	4
36	Door locks: manual coded entry.	TBD - based on security needs			15-Sep-2016	reference Richard Ellis June 2016 review	OIT-Sherry Himelwright	TBD-rev	4
37	Residential doors and door hardware.	TBD - based on fire rating requirements (e.g., egress crash bars)			15-Sep-2016	reference Richard Ellis June 2016 review	OIT-Sherry Himelwright	TBD-rev	4

	R&D Facility Improvements		UPDATED: 12-Sep-2016						
Item #	Improvement	Requirement / Basis	Cost Estimate	Funding Source	Due By (date)	Notes	Responsible Party	Grouping	group #
38	ADA accommodations: Elevators to second floor offices.	TBD - This building would not accommodate second floor access to persons in wheel chairs or other conditions that would prevent them from using stairs.			15-Sep-2016	reference Richard Ellis June 2016 review	OIT-Jamie Goodpastor	TBD-rev	4
39	Exterior and parking lot lighting.	TBD - The exterior of this building and the surrounding lot will not meet the IECC lighting requirements for the lighting standards in TABLE 505.6.2(2) for zone 2 or 3. *			15-Sep-2016	reference Richard Ellis June 2016 review	OIT-Sherry Himelwright	TBD-rev	4
44	Security systems: Network cameras	TBD - based on planned R&D activities			15-Sep-2016	reference Richard Ellis June 2016 review	OIT-Jeff Hower	TBD-rev	4
45	Security systems: gates and parking pass access.	TBD - The intended use of this building and its surrounding property will likely require the addition of an access control point, gates, and visitor management.			15-Sep-2016	reference Richard Ellis June 2016 review	OIT-Sherry Himelwright	TBD-rev	4
47	Industrial waste collection and containment.	TBD - This site will be required to conform to the Resource Conservation and Recovery Act (RCRA), State and Federal conservation laws, and OAR's concerning hazardous waste remediation.			15-Sep-2016	reference Richard Ellis June 2016 review	OIT-Sherry Himelwright	TBD-rev	4
48	Department of Environmental Quality inspection.	TBD - The commercial/ industrial activities at this site would suggest there is storage of petroleum, corrosives, and other potential hazardous waste. I would advise a courtesy review from DEQ.			15-Sep-2016	reference Richard Ellis June 2016 review	OIT-Sherry Himelwright	TBD-rev	4
72	Determinations by OIT representatives for EHS, risk, IT, security, insurance,	Needed to occupy and operate facility - based on Operations Plan			Building Purchase		OIT-Trish Hower OIT-Sherry Himelwright	TBD-rev	4
80	Install blinds on all windows	EHS evaluation: 09/07/16 site visit by Sherry Himelwright					OIT-Mike Myers	TBD-rev	4
81	Prepare restrooms for public use, e.g., soap, towels, etc.	EHS evaluation: 09/07/16 site visit by Sherry Himelwright					OIT-Mike Myers	TBD-rev	4

	R&D Facility Improvements		UPDATED: 12-Sep-2016						
Item #	Improvement	Requirement / Basis	Cost Estimate	Funding Source	Due By (date)	Notes	Responsible Party	Grouping	group #
82	Install traction surface in stairwells	EHS evaluation: 09/07/16 site visit by Sherry Himelwright					OIT-Mike Myers	TBD-rev	4
83	Label all utility piping	EHS evaluation: 09/07/16 site visit by Sherry Himelwright					OIT-Mike Myers	TBD-rev	4
84	Conduct arc flash hazard analysis	EHS evaluation: 09/07/16 site visit by Sherry Himelwright					OIT-Mike Myers	TBD-rev	4
85	Remove extraneous equipment and structures from site, e.g., RV, dry shacks, tanks	EHS evaluation: 09/07/16 site visit by Sherry Himelwright					OIT-Mike Myers	TBD-rev	4
86	Establish periodic water testing process for potable and firewater systems	EHS evaluation: 09/07/16 site visit by Sherry Himelwright					OIT-Mike Myers	TBD-rev	4
87	Remove outdoor extension cords	EHS evaluation: 09/07/16 site visit by Sherry Himelwright					OIT-Mike Myers	TBD-rev	4
88	Remove oil stained gravel	EHS evaluation: 09/07/16 site visit by Sherry Himelwright					OIT-Mike Myers	TBD-rev	4
89	Articulate emergency medical plan	EHS evaluation: 09/07/16 site visit by Sherry Himelwright					OIT-Mike Myers	TBD-rev	4
1	Permanent Access Road	for ingress/egress and to include utilities (water, sewer, etc.)	\$1.8M	ODOT		Chuck Daughtry, CCET letter (3-Aug-2016); awaiting legal review		TBD-plan	5
40	Parking lot size and paving.	TBD - based on employee and visitor population				reference Richard Ellis June 2016 review	Architect / Engineer	TBD-plan	5
41	Parking lot services.	TBD - The water systems, drainage, and electrical lines to lights, fountains, watering systems, and safety systems will need to be installed in accordance with parking standards for light industrial concerns.				reference Richard Ellis June 2016 review	Architect / Engineer	TBD-plan	5
42	Parking lot signs.	TBD -				reference Richard Ellis June 2016 review	Architect / Engineer	TBD-plan	5
43	Rain water remediation and drainage	TBD - based on the planned paved parking surface v. existing permeable surface.				reference Richard Ellis June 2016 review	Architect / Engineer	TBD-plan	5

	R&D Facility Improvements		UPDATED: 12-Sep-2016						
Item #	Improvement	Requirement / Basis	Cost Estimate	Funding Source	Due By (date)	Notes	Responsible Party	Grouping	group #
46	Security systems: proximity badge and access control systems	TBD - The intended use of this building and its surrounding property will likely require the addition of a proximity badge system for building, laboratory, and specific room access.				reference Richard Ellis June 2016 review	OIT-Mike Myers	TBD-plan	5
49	Chemical storage and ventilation	TBD - based on planned R&D activities				reference Richard Ellis June 2016 review	OIT-Mike Myers	TBD-plan	5
50	Compressed air resources	TBD - based on capacity requirements; water vapor removal and regulation.				reference Richard Ellis June 2016 review	OIT-Mike Myers	TBD-plan	5
51	HVAC-R	TBD - Climate control for the maintenance bay is not installed.				reference Richard Ellis June 2016 review	OIT-Mike Myers	TBD-plan	5
52	Bay Doors	TBD - The overhead doors may need to be removed or sealed to facilitate climate control.				reference Richard Ellis June 2016 review	OIT-Mike Myers	TBD-plan	5
53	Data and network throughput and access throughout the structure	TBD - Data ports are hardwired throughout the administrative areas of the building, but are non-existent in the maintenance bays.				reference Richard Ellis June 2016 review	OIT-Mike Myers	TBD-plan	5
54	Fume extraction	TBD - based on planned R&D activities				reference Richard Ellis June 2016 review	OIT-Mike Myers	TBD-plan	5
55	Restroom accommodations	TBD - based on planned building occupation.				reference Richard Ellis June 2016 review	Architect / Engineer	TBD-plan	5
56	Logistics and material flow	TBD - determine need for loading dock, TBD - based on planned R&D activities.				reference Richard Ellis June 2016 review	OIT-Mike Myers	TBD-plan	5
57	Specific compressed gas species storage, service, and distribution	TBD - based on planned R&D activities				reference Richard Ellis June 2016 review	OIT-Mike Myers	TBD-plan	5
58	Cryogenic systems	TBD - based on planned R&D activities				reference Richard Ellis June 2016 review	OIT-Mike Myers	TBD-plan	5
59	Concrete slab preparation	TBD - based on planned R&D activities				reference Richard Ellis June 2016 review	OIT-Mike Myers	TBD-plan	5

	R&D Facility Improvements		UPDATED: 12-Sep-2016						
Item #	Improvement	Requirement / Basis	Cost Estimate	Funding Source	Due By (date)	Notes	Responsible Party	Grouping	group #
60	Electrical system.	TBD - based on planned R&D activities; blueprints indicate building electrical supply is rated at 400A, 480V, 3Phase power at the main distribution panel;				reference Richard Ellis June 2016 review	OIT-Mike Myers	TBD-plan	5
62	Emergency Electrical Power Generation	TBD - An emergency generator will be necessary – none currently exists.				reference June 2016 Oregon Tech Board Docket - OMIC Property Due Diligence Update and Possible Action	OIT-Mike Myers	TBD-plan	5
63	Directional signs from Crown Zellerbach Road (through gravel pit) to Jersey Building	TBD - To direct visitors to site, including potential OMIC R&D Center partners				Chuck D. has solicited bids for signage	CCET-Chuck Daughtry	TBD-plan	5
74	Equipment to operate facility, e.g., forklift, pallet jacks, designated storage locations, shelving	TBD - based on Operations Plan requirements to operate the facility					OIT-Mike Myers	TBD-plan	5
78	Tie-in Utilities from Permanent Access Road	Needed for anticipated growth of facility utilization				Link with Permanent Access Road		TBD-plan	5
79	Consider student/public access to site, e.g., new bus stop, sidewalks, etc.	To promote student access to site from the community and city of Scappoose					OIT-Mike Myers	TBD-plan	5
26	8.7.5 Other Building and Property Improvements	(n) [no item (n) is listed]		included in site purchase	Building Purchase	per contract addendum (18 Jul 2016)	Roll Tide Property Corp.		
30	8.7.5 Other Building and Property Improvements	(r) furnish and install ac paving per Item 8.7.3		included in site purchase	31 Mar 2017	per contract addendum (18 Jul 2016)	Roll Tide Property Corp.		
61	Ingress/egress road.	Please see Items #1, 2 and 3 above that address temporary and permanent road access				reference Richard Ellis June 2016 review			
66	Review and ensure physical security (keys, lock codes, gate code)	Needed to occupy and operate facility based on Operations Plan			Launch		OIT Trish Hower		
90									
91									

	R&D Facility Improvements		UPDATED: 12-Sep-2016						
Item #	Improvement	Requirement / Basis	Cost Estimate	Funding Source	Due By (date)	Notes	Responsible Party	Grouping	group #
92									
93									
94									
95									
96									
97									
98									
99									
	Documents reviewed:								
	- Chuck Daughtry, CCET letter (3-Aug-2016)								
	- R. Ellis June 2016 due diligence review								
	- June 2016 Oregon Tech Board Docket - OMIC Property Due Diligence Update and Possible Action								
	- Commercial Building Inspection Report (5-Jun-2016) by Trek Inspection Services, Inc.								
	- Second Addendum to Purchase and Sale Agreement (18-Jul-2016)								
	- Environmental, Health and Safety (EHS) evaluation: 09/07/16 site visit by Sherry Himelwright								
	- Americans with Disabilities Act (ADA) evaluation: 09/12/16 site visit by Erin Ferrara								
	NOTES:								
	1. Improvements with TBD requirements will be reviewed considering R&D Projects and schedule; and based on OMIC R&D Facility Operating Plan with input from the OMIC Research Board								

**ATTACHMENT B
OBDD DRAFT FORGIVABLE LOAN AGREEMENT**

**STATE OF OREGON
LOAN AGREEMENT**

BETWEEN: State of Oregon, acting by and through its ("State")
Business Development Department,
775 Summer Street NE, Suite 200
Salem, Oregon 97301-1280

AND: Oregon Institute of Technology ("Recipient")
3201 Campus Drive
Klamath Falls, OR 97601

PROJECT NUMBER: C2016266 OIT OMIC Research Facility

RECITALS

- A. Section 7(1) of House Bill (HB) 5202 authorizes the State Treasurer to issue taxable lottery bonds in an amount sufficient to produce net proceeds and interest earning of \$2,500,000 (the "Bond Proceeds") to support the American Manufacturing Innovation District project ("AMID").
- B. Section 7(2) of HB 5202 directs the transfer of the Bond Proceeds to State for deposit in the American Manufacturing Innovation District Fund (the "Fund").
- C. Section 7a of HB 5202 establishes the Fund and appropriates moneys in the Fund to State for support of AMID.
- D. Recipient, industry representatives and other academic organizations desire to implement AMID through establishment and operation of the Oregon Manufacturing Innovation Center in Scappoose, Oregon ("OMIC").
- E. Recipient has requested from State the \$2,500,000 in Bond Proceeds designated for the support of AMID (the "Funding") to assist Recipient in the establishment and operation of OMIC, including the purchase of certain real property and improvements located in Scappoose, Oregon, to house OMIC's operations.
- F. State is willing to provide the funding on the terms and conditions hereof in the form of a secured forgivable loan.
- G. Recipient anticipates a need for the Funding in October 2016.
- H. The Bond Proceeds are not anticipated to be available until May 2017.
- I. Accordingly, State will fund the loan initially from its Strategic Reserve Fund or through a short-term bridge loan with the Oregon State Treasury and then replenish the Strategic Reserve Fund or pay back the bridge loan with the Bond Proceeds when they become available.

Accordingly, the parties agree as follows:

AGREEMENT

SECTION 1 - PROJECT DESCRIPTION

Recipient will purchase the real property and improvements located at 336119 E. Crown Zellerbach Road, County of Columbia, State of Oregon (as further described in Exhibit B, the "Property") and use it to establish and operate a center for research and development of advanced manufacturing technology in accordance with the OMIC Business Plan, attached as Exhibit C (the "Project").

SECTION 2 - THE COMMITMENT

2.01 Loan. Subject to the terms and conditions of this Agreement, State agrees to make a loan to Recipient, and Recipient agrees to accept such loan, in the principal amount of Two Million Five Hundred Thousand Dollars (\$2,500,000) ("Loan"). No interest will accrue on the Loan.

2.02 Note. The Loan will be evidenced by and repayable in accordance with a promissory note of Recipient substantially in the form of Exhibit A, attached and incorporated by this reference (as extended, renewed or modified the "Note"). Recipient agrees to repay the Loan in accordance with the terms of the Note and this Loan Agreement.

2.03 Collateral. To secure Recipient's obligation to repay the Loan in accordance with the terms and conditions of the Note and this Agreement and perform its other obligations hereunder. Recipient will grant State a first position lien on the Property. Upon forgiveness of the Loan pursuant to this Agreement or full performance of the other obligations under this Agreement, including payment of the Loan to the extent required by this Agreement, State shall promptly execute such documents as may reasonably be required to release said lien from the Property.

2.04 Disbursement of Loan. Subject to Section 2.05, State will disburse the Loan to Recipient through escrow upon the closing of Recipient's purchase of the Property (the date of disbursement referred to as the "Loan Closing Date").

2.05 Conditions Precedent to Disbursement. Disbursement of Loan proceeds to Recipient is subject to the conditions precedent that:

- a. State has received this Agreement and the Note, both duly executed by Recipient and dated as of the Loan Closing Date;
- b. A Deed of Trust, in form and substance satisfactory to State in its sole discretion (the "Trust Deed") (this Agreement, the Note, the Trust Deed, and all other agreements or documents contemplated hereby or thereby, collectively, the "Loan Documents"), granting State a first position lien on the Property, subject only to exceptions that State may permit in its sole discretion, has been executed and delivered by Recipient, as grantor, and duly recorded in the real property records of Columbia County, to secure Recipient's repayment of the Loan and performance of its other obligations under this Agreement and the other Loan Documents.
- c. An ALTA extended mortgagee title insurance policy, insuring the lien of the Trust Deed in the amount of the Loan, subject only to exceptions that State may permit in its sole discretion, has

been issued to State, as the insured, by a title insurance company reasonably acceptable to State.

- d. State has received such certificates, opinions and documents as State may reasonably require regarding the due authorization of this Agreement and the other Loan Documents.
- a. State has received such documentation as State may reasonably require to show that all funds necessary to complete the Project have been secured;
- b. the Oregon Department of Administrative Services has not notified State of an anticipated shortfall in Oregon State Lottery revenues;
- c. State has received sufficient funding, appropriations and other expenditure authorizations to allow State, in the reasonable exercise of its administrative discretion, to make the disbursement and there are sufficient moneys in the accounts or funds to be used to cover the disbursement, as determined by State in the reasonable exercise of its administrative discretion, to permit State to make the disbursement;
- d. moneys are currently available in the Strategic Reserve Fund to fund the Loan or State is able to make a short term bridge loan from treasury;
- e. the representations contained in Section 4 hereof are true and correct on and as of the Loan Closing Date with the same force and effect as if made on and as of such date;
- f. no Event of Default (as defined below) has occurred and continues on the Loan Closing Date; and
- g. All other requirements and conditions set forth in State's instructions to the escrow officer closing the purchase and sale of the Property have been satisfied.

2.06 Use of Loan. The use of the Loan is expressly limited to Recipient's purchase of the Property. Recipient may not use the Loan to retire any debt.

SECTION 3 - FORGIVENESS; PAYMENT OF PRINCIPAL; PREPAYMENTS; ADDITIONAL PAYMENTS

3.01 Forgiveness of Unpaid Principal. State will forgive all or a portion of the Loan under the following circumstances:

- a. Upon satisfaction of all of the conditions set forth below, State will forgive the then-unpaid principal of the Loan:
 - i. Recipient purchases the Property and commences, in conjunction with participating industry members, advanced manufacturing technology research or product development (hereafter referred to as "Research and Development") at the Property (the "Operations Commencement Date") no later than January 1, 2017;
 - ii. Recipient continuously owns and operates the Property as a Research and Development facility for a minimum of ten years after the Operations

- Commencement Date; Recipient shall be deemed to be continuously operating a Research and Development facility at the Property if Recipient is attempting to operate in such a manner and until such time as Research and Development activities are not being undertaken at the Property for 180 days in any single calendar year or a total of 360 days in aggregate (hereafter referred to as a "Discontinuance of Use"); provided that any Discontinuance of Use resulting from events beyond the control of Recipient, such as damage to the Property by fire, wind, or earthquake or lack of access to or receipt of functioning utilities, shall not be considered Discontinuance of Use, so long as Recipient is diligently using its best efforts to return the Property to the required Research and Development use as soon as reasonably possible, such as by using available insurance proceeds to repair or rebuild the Project as needed (which use of insurance proceeds to repair or rebuild is hereby approved by State);
- iii. No Event of Default has occurred and continues to exist as of the date of forgiveness of the Loan;
 - iv. No later than February 1, 2017, Recipient notifies State in writing of the Operations Commencement Date and submits to State documentation demonstrating that the condition set forth in Section 3.01(a)(i) has been met, which shall be in form and substance satisfactory to State;
 - v. No later than 30 days after the tenth anniversary of the Operations Commencement Date, Recipient submits to State documentation demonstrating that the condition set forth in Section 3.01(a)(ii) has been met, which shall be in form and substance satisfactory to State; and
 - vi. State has not accelerated the maturity of the Loan as provided for in Section 6
- b. In the event that Recipient ceases to own the Property or Discontinuance of Use occurs prior to the tenth anniversary of the Operations Commencement Date but all of the conditions set forth in Section 3.01(a) are satisfied, other than the conditions set forth in Sections 3.01(a)(ii) and (v), State shall forgive the portion, if any, of the unpaid principal of the Loan that exceeds 60% of the then-current market value of the Property (as determined in the manner set forth in Section 3.01 (c) below). For example, assume the unpaid principal balance of the loan is \$60,000 and at time of default, the building's market value is \$90,000. In this case, the State would forgive \$6,000 of the loan (60% of \$90,000 = \$54,000; \$60,000 - \$54,000 = \$6,000).
- c. The then-current market value of the Property shall be determined, at Recipient's option, either through (i) an arms-length sale of the Property to an unrelated third party, or (ii) an appraisal conducted at Recipient's expense by a licensed MAI independent appraiser selected by Recipient and approved by State (which approval shall not be unreasonably withheld) and acting under instructions reasonably acceptable to State and Recipient. If Recipient elects to sell the Property, then prior to entering into an agreement to sell the Property, Recipient shall notify State of the identity of the proposed buyer, the purchase price, and any other material terms of the proposed sale. State will have 10 business days in which to approve or reject the proposed sale. If State rejects the sale, Recipient may elect in its discretion to continue to attempt to sell the

Property for a price acceptable to State or to have the Property appraised as provided above.

3.02 Payments. If not sooner paid or forgiven in accordance with Sections 3.01 or 3.03, Recipient will pay to State the entire principal amount of the Loan on the earliest of the following (the "Maturity Date"): (a) Recipient's failure to satisfy the Loan forgiveness conditions set forth in Section 3.01(a)(i) or (iv), (b) the date Recipient ceases to own the Property, (c) the date that a Discontinuance of Use occurs, or (d) 30 days after the tenth anniversary of the Operations Commencement Date. Payment under a Maturity Date triggered under Section 3.02(b) or (c) above shall be due upon the sale of the Property or within 30 days of an appraisal made pursuant to Section 3.01(c).

3.03 Additional Payments. If the Maturity Date is triggered by Section 3.02(b) or Section 3.02(c) or repayment of the Loan is accelerated as a result of an Event of Default, and the unpaid principal balance of the Loan is less than 60% of the then-current market value of the Property (as determined in the manner set forth in Section 3.01(c) above), Recipient shall pay the State, in addition to the unpaid principal balance of the Loan, an amount equal to the difference between 60% of the then-current market value of the Property and the unpaid principal balance of the Loan. Payment under a Maturity Date triggered under Section 3.02(b) or (c) above shall be due upon the sale of the Property or within 30 days of an appraisal made pursuant to Section 3.01(c). For example, assume the unpaid principal balance of the loan is \$60,000 and at time of default, the building's market value is \$110,000. In this case, the Recipient would pay an additional \$6,000 to the State (60% of \$110,000 = \$66,000; \$66,000 - \$60,000 = \$6,000).

3.04 Prepayments. Recipient may not prepay the Loan, in whole or in part, without the prior written consent of State, which State may grant or withhold in its sole discretion.

3.05 Place of Payments. All payments under this Loan Agreement will be made to State at its office located at 775 Summer Street N.E., Suite 200, Salem, Oregon 97301-1280, or at such other place designated by State in writing to Recipient. All payments and prepayments will be applied first to State's costs and expenses, in accordance with Section 7.14, then to any unpaid principal, and then to additional payments, if any, required under Section 3.03.

SECTION 4 - RECIPIENT'S REPRESENTATIONS AND WARRANTIES

Recipient represents and warrants to State that:

4.01 Existence and Power. Recipient is a public institution of higher education duly organized and validly existing under the laws of Oregon. Recipient has full power and authority to transact the business in which it is engaged and full power, authority, and legal right to execute and deliver this Agreement and the other Loan Documents and to incur and perform its obligations hereunder and thereunder.

4.02 Authority, No Contravention. The making and performance by Recipient of this Agreement and the other Loan Documents, and the borrowing by Recipient hereunder (a) have been duly authorized by all necessary action of Recipient, (b) do not and will not violate any provision of any applicable law, rule, regulation, or order of any court, regulatory commission, board, or other administrative agency, and (c) to the best of Recipient's knowledge, do not and will not result in the breach of, or constitute a default or require any consent under, any other agreement or instrument to which Recipient is a party or by which Recipient or any of its properties may be bound or affected.

4.03 Binding Obligation. This Agreement and the other Loan Documents have been duly executed and delivered by Recipient and will constitute the legal, valid, and binding obligation of Recipient, each enforceable in accordance with its terms subject to the laws of bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights generally.

4.04 Approvals. No authorization, consent, license, approval of, filing or registration with, or notification to any governmental body or regulatory or supervisory authority is required for the execution, delivery, or performance by Recipient of this Agreement or the other Loan Documents, other than the consent of the Oregon State Treasurer.

4.05 Misleading Statements. No representation or warranty by Recipient in this Agreement or on any written statement, including information, data, exhibits, and other materials submitted in connection with the Loan, furnished to State pursuant to this Agreement or in connection with the transactions contemplated by this Agreement, when taken together, contains or will contain any untrue statement of material fact or omits or will omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

4.06 Compliance with Tax Laws. Recipient is not in violation of any Oregon tax laws, including but not limited to a state tax imposed by ORS 320.005 to 320.150 and 403.200 to 403.250 and ORS chapters 118, 314, 316, 317, 318, 321 and 323 and the elderly rental assistance program under ORS 310.630 to 310.706 and local taxes administered by the Department of Revenue under ORS 305.620.

SECTION 5 - COVENANTS OF RECIPIENT

5.01 Unexpended Funds. Any Loan proceeds disbursed to Recipient, and any interest earned by Recipient on the Loan proceeds, that are not used as set out herein or that remain after the Project is complete or this Agreement is terminated, will immediately be returned to State, unless otherwise directed by State. Any such funds returned shall be deemed a partial prepayment of the Loan and applied in accordance with Section 3.05 hereof.

5.02 Public Notification. Recipient will reasonably acknowledge in some public fashion, such as in public statements, that the Project was funded in part with Oregon State Lottery funds administered by the Oregon Business Development Department.

5.03 Compliance with Laws. Recipient will comply with the requirements of all applicable laws, rules, regulations, and orders of any governmental authority, except to the extent an order of a governmental authority is contested in good faith and by proper proceedings.

5.04 Books, Inspection. Recipient will keep proper books of account and records on all activities associated with the Loan, including, but not limited to, invoices, cancelled checks, instruments, agreements and other supporting financial records documenting the use of the Loan. Recipient will maintain these books of account and records in accordance with generally accepted accounting principles and will retain these books of account and records at least until three years after the later of the date that the Loan is fully repaid or forgiven or the date that all disputes, if any, arising under this Agreement have been resolved. Recipient will permit State, the Secretary of State of the State of Oregon, or their duly authorized representatives, in a manner that does not unreasonably interfere with Recipient's business operations, to inspect its properties, all work done, labor performed and materials furnished in and about the Project, and to review and make excerpts, transcripts, and copies of its books of account and records with respect to the receipt and disbursement of funds received from State. The authorized representatives will have access to these books of account and records for as long as those books of account and records are required to be maintained by Recipient pursuant to this Section 5.04; provided that if such books of account or records are kept for a longer period, the authorized representatives shall have access to these books of account and records for as long as they are kept by Recipient.

5.05 Taxes. Recipient will comply with the tax laws of this state and any political subdivisions of this state and pay and discharge all taxes, assessments, and governmental charges or any levies imposed upon it or upon its income or profits or upon any property belonging to it, prior to the date on which penalties attach thereto, and all lawful claims which, if unpaid, might become a lien upon its property, provided that it will not be required to pay any such tax, assessment, charge, levy, or claim the payment of which is being contested in good faith and by proper proceedings and for which it is maintaining adequate reserves.

5.06 Insurance. Recipient will keep its assets that are of an insurable character insured against fire and casualty loss and damage by financially sound and reputable insurers (or sound self-insurance programs) in amounts customary for Oregon public universities similarly situated. Recipient will maintain, with financially sound and reputable insurers (or sound self-insurance programs), insurance against other hazards, risks, and liabilities to persons and property to the extent and in the manner customary for Oregon public universities similarly situated. Recipient shall ensure that assets brought onto the Property that are not owned by OIT are insured in a similar manner or as the nature of the asset or ownership require on a reasonable basis.

5.07 Disadvantaged and Emerging Small Business. ORS 200.090 requires all public agencies to "aggressively pursue a policy of providing opportunities for available contracts to emerging small businesses." The Oregon Business Development Department encourages Recipient, in its contracting activities, to follow good faith efforts described in ORS 200.045. The Governor's Policy Advisor for Economic & Business Equity provides additional resources and the Certification Office for Business Inclusion and Diversity at the Oregon Business Development Department maintains a list of certified firms and can answer questions. Search for certified firms on the web at: <https://oregon4biz.diversitysoftware.com/FrontEnd/VendorSearchPublic.asp>.

5.08 Prevailing Wage Compliance. Recipient shall comply with all laws, regulations and requirements regarding Prevailing Wage Rates and Oregon's Bureau of Labor and Industry rules.

5.09 Inspection and Review of Operations. At such times as State may reasonably request from time to time, Recipient shall allow State to perform on-site inspections and reviews of the Property and of the operations conducted at the Property, to assess Recipient's satisfaction of the Loan forgiveness condition set forth in Section 3.01(a)(ii).

SECTION 6 - TERMINATION; EVENTS OF DEFAULT; REMEDIES

6.01 Termination by State. At any time prior to funding the Loan, State may terminate this Agreement effective upon written notice to Recipient or at such later date as may be established by State in such notice, under any of the following circumstances:

- a. the Oregon Department of Administrative Services notifies State of an anticipated shortfall in Oregon State Lottery revenues,
- b. State fails to receive sufficient funding, appropriations or other expenditure authorizations to allow State, in the reasonable exercise of its administrative discretion, to continue making payments under this Agreement or there are not sufficient moneys in the accounts or funds to be used to cover the payments, as determined by State in the reasonable exercise of its administrative discretion, to permit State to make the payment,
- c. there are not sufficient funds in the Strategic Reserve Fund, as determined by State in the reasonable exercise of its administrative discretion, to permit State to continue making payments under this Agreement, or
- d. there is a change in federal or state laws, rules, regulations or guidelines so that the Project to be funded by this Agreement is no longer eligible for funding.

6.02 Events of Default. Recipient shall be in default under this Agreement upon the occurrence of any of the following events ("Events of Default"):

- a. Other than as set forth in paragraphs b through e below, Recipient fails to perform or observe any of the terms of this Agreement or the other Loan Documents and the failure continues for thirty (30) days after Recipient receives written notice from State, or such longer period as State may authorize in writing in its reasonable discretion; or
- b. Any representation or warranty with respect to current or historical information made to State in any certificate, notice, report, or other instrument or document furnished to State or in connection with this Agreement proves to have been incorrect in any material respect when made; or
- c. Any authorization, consent, license, approval, filing, or registration necessary to enable Recipient to comply with its obligations fails to be timely issued or granted, or expires or lapses and is not renewed or extended, or is revoked, withdrawn, withheld or modified so as to materially interfere with such compliance; or
- d. Recipient (i) applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of all or any substantial part of its property, (ii) admits in writing its inability, or is generally unable, to pay its debts as they become due, (iii) makes a general assignment for the benefit of its creditors, (iv) commences a voluntary case under the federal Bankruptcy Code (as now or hereafter in effect), (v) files a

petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, liquidation or composition or adjustment of debts, (vi) fails to controvert in a timely and appropriate manner, or acquiesces in writing to, any petition filed against it in an involuntary case under the federal Bankruptcy Code (as now or hereafter in effect), or (vii) takes any corporate action for the purpose of effecting any of the foregoing; or

- e. A proceeding or case is commenced, without the application or consent of Recipient in any court of competent jurisdiction, seeking (i) the liquidation, dissolution or winding-up, or the composition or readjustment of debts, of Recipient, (ii) the appointment of a trustee, receiver, custodian, liquidator, or the like of Recipient or of all or any substantial part of its assets, or (iii) similar relief in respect to Recipient under any law relating to bankruptcy, insolvency, reorganization, winding-up, liquidation, or composition or adjustment of debts, and such proceeding or case continues undismissed, or an order, judgment, or decree approving or ordering any of the foregoing is entered and continues unstayed and in effect for a period of sixty (60) consecutive days, or an order for relief against Recipient is entered in an involuntary case under the federal Bankruptcy Code (as now or hereafter in effect).

Thereupon, and in such case, State may, by notice to Recipient, and notwithstanding the provisions of Section 3.01, declare the outstanding Loan principal to be immediately due and payable, whereupon the same shall become immediately due and payable.

6.03 Remedies Upon Default. Upon the occurrence of an Event of Default, State may pursue any remedies available under this Agreement, the other Loan Documents, at law or in equity. Such remedies include, but are not limited to, foreclosure of liens, termination of State's obligations to make the Loan or further disbursements hereunder, acceleration of the maturity of the Loan in accordance with Section 6.02, and declaration of ineligibility for the receipt of future Strategic Reserve Fund or Oregon State Lottery fund awards. State may also recover all or a portion of the outstanding balance due under the Loan from Recipient by deducting the amount from any payment due to Recipient from the State of Oregon under any other contract or agreement, present or future, unless prohibited by state or federal law. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

SECTION 7 – MISCELLANEOUS

7.01 No Implied Waiver. No failure or delay on the part of State to exercise any right, power, or privilege under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right, power, or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other such right, power, or privilege.

7.02 Choice of Law; Designation of Forum; Federal Forum.

- a. The laws of the State of Oregon (without giving effect to its conflicts of law principles) govern all matters arising out of or relating to this Agreement, including, without limitation, its validity, interpretation, construction, performance, and enforcement.
- b. Any party bringing a legal action or proceeding against any other party arising out of or relating to this Agreement shall bring the legal action or proceeding in the Circuit Court of the State of Oregon for Marion County (unless Oregon law requires that it be brought and conducted in another county). Each party hereby consents to the exclusive jurisdiction of such court, waives any objection to venue, and waives any claim that such forum is an inconvenient forum.

- c. Notwithstanding Section 7.02(b), if a claim must be brought in a federal forum, then it must be brought and adjudicated solely and exclusively within the United States District Court for the District of Oregon. This Section applies to a claim brought against the State of Oregon only to the extent Congress has appropriately abrogated the State of Oregon's sovereign immunity and is not consent by the State of Oregon to be sued in federal court. This Section is also not a waiver by the State of Oregon of any form of defense or immunity, including but not limited to sovereign immunity and immunity based on the Eleventh Amendment to the Constitution of the United States.

7.03 Notices. Except as otherwise expressly provided in this Agreement, any required or permitted notice will be given in writing by personal delivery or by mail, postage prepaid, to Recipient or State at the address on page 1 of this Agreement, or to such other addresses as either party may subsequently indicate pursuant to this Section 7.03. Any notice so addressed and mailed will be deemed to be given five (5) days after mailing. Any notice by personal delivery will be deemed to be given when actually delivered.

7.04 Amendments. This Agreement may not be altered, modified, supplemented, or amended in any manner except by written instrument signed by both parties.

7.05 Severability. If any provision of this Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision.

7.06 Successors and Assigns. This Agreement will be binding upon and inure to the benefit of State, Recipient, and their respective successors and assigns, except that Recipient may not assign or transfer its rights or obligations hereunder or any interest herein without the prior consent in writing of State.

7.07 Indemnity. Recipient will (subject to ORS chapter 180) defend, save, hold harmless and indemnify the State of Oregon, the Oregon Business Development Department and their officers, agents, employees, and members from and against all claims, suits, actions, losses, damages, liabilities, costs and expenses of any nature whatsoever resulting from or arising out of, or relating to the activities of Recipient or its officers, directors, employees, contractors, or agents under this Agreement or the other Loan Documents, or with respect to the Project.

7.08 Titles and Subtitles. The titles in this Agreement are for convenience only and in no way define, limit, or describe the scope or intent of any provision of this Agreement.

7.09 Counterparts. This Agreement may be executed in more than one counterpart, which, taken together, will constitute one and the same instrument, and either party may execute this Agreement by signing any such counterpart.

7.10 No Third Party Beneficiaries. State and Recipient are the only parties to this Agreement and are the only parties entitled to enforce the terms of this Agreement. Nothing in this Agreement gives or provides, or is intended to give or provide, to third persons any benefit or right not held by or made generally available to the public, whether directly, indirectly or otherwise, unless such third persons are individually identified by name herein and expressly described as intended beneficiaries of the terms of this Agreement.

7.11 Entire Agreement. This Agreement (including any exhibits, schedules and attachments thereof that are by this reference incorporated herein) and the other Loan Documents constitute the entire agreement between the parties on the subject matter hereof. Any waiver or consent, if made, will be effective only if in writing signed by the party against whom such waiver or consent is sought to be enforced and is effective only in the specific instance and for the specific purpose given.

7.12 Survival. All provisions of this Agreement set forth in the following sections and any other provision that by its terms is intended to survive shall survive termination of this Agreement: Section 5.01, Unexpended Funds; Section 5.04, Books; Inspection; Section 6.03, Remedies Upon Default; Section 7.07, Indemnity; and this Section 7.12.

7.13 Time is of the Essence. Recipient agrees that time is of the essence under this Agreement.

7.14 Attorney Fees. To the extent permitted by the Oregon Constitution and the Oregon Tort Claims Act, the prevailing party in any dispute arising from this Agreement or the other Loan Documents will be entitled to recover from the other its reasonable attorney fees and costs and expenses at trial, in a bankruptcy, receivership or similar proceeding, and on appeal. Reasonable attorney fees shall not exceed the rate charged to State by its attorneys.

[Rest of page intentionally left blank]

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE DULY EXECUTED AND THIS AGREEMENT SHALL BE EFFECTIVE AS OF THE DATE ("EFFECTIVE DATE") BOTH PARTIES HAVE EXECUTED THIS AGREEMENT AND THIS AGREEMENT HAS BEEN APPROVED AS REQUIRED BY APPLICABLE LAW. RECIPIENT, BY THE SIGNATURE BELOW OF ITS AUTHORIZED REPRESENTATIVE, HEREBY ACKNOWLEDGES THAT IT HAS READ THIS AGREEMENT, UNDERSTANDS IT AND AGREES TO BE BOUND BY ITS TERMS AND CONDITIONS.

OREGON INSTITUTE OF TECHNOLOGY

By:

Jay Kenton, PhD., Interim President

Date:

STATE OF OREGON

acting by and through its

By:

Chris Harder
Director, Business Oregon

Date:

APPROVED AS TO LEGAL SUFFICIENCY

/s/ Cynthia Byrnes

Cynthia Byrnes
Senior Assistant Attorney General

Date: 9/23/16

Attached below:

Exhibit A: Form of Promissory Note

Exhibit B: Legal Description of the Property

Exhibit C: OMIC Business Plan

Exhibit A
Form of Promissory Note

U.S.
\$2,500,000

XXXXXXXX,2016

XXXXXXXXXX, XX

(city, state where signing occurred)

For value received, the undersigned, Oregon Institute of Technology, a university ("Recipient"), unconditionally promises to pay to the order of the State of Oregon, acting by and through its Business Development Department, 775 Summer Street NE, Suite 200, Salem, Oregon 97301-1280 ("State"), on the Maturity Date (as defined below), in lawful money of the United States of America and in immediately available funds, the principal sum of Two Million Five Hundred Thousand Dollars (\$2,500,000).

If not sooner paid or forgiven in accordance with Sections 3.01 or 3.03 of the Loan Agreement between Recipient and State dated as of XXXXXXXXXXXXXXXXXX, XXX (as amended from time to time, the "Agreement"), the principal amount of this Note shall be due and payable in full on the earliest to occur of the following (the "Maturity Date"): (a) Recipient's failure to satisfy the Loan forgiveness conditions set forth in Section 3.01(a)(i) or (iv) of the Agreement, (b) the date Recipient ceases to own the Property, (c) the date a Discontinuance of Use occurs (as defined in the Agreement), or (d) 30 days after the tenth anniversary of the Operations Commencement Date,.

Capitalized terms not defined in this promissory note will have the meanings ascribed in the Agreement. This promissory note is the Note referred to in the Agreement. This Note is subject to all the terms and conditions in the Agreement. In the event of any conflict, the Agreement shall control.

This promissory note may not be prepaid without the prior written consent of State. Any payment on account of the indebtedness evidenced by this promissory note will be applied first to State's costs and expenses, then the balance, if any, to principal.

Upon the occurrence of any Event of Default specified in the Agreement, the principal of the Loan may be declared to be immediately due and payable in the manner, upon the conditions, and with the effect provided in the Agreement.

All parties to this promissory note waive presentment, dishonor, notice of dishonor, and protest. All parties consent to, and the holder of this promissory note is expressly authorized to make, without notice, any and all renewals, extensions, modifications or waivers of the time for or the terms of payment of any sum or sums due under this promissory note, or under any documents or instruments relating to or securing this promissory note, or of the performance of any covenants, conditions or agreements, or the taking or release of collateral, if any, securing this promissory note, except that any modification of this Note will require the consent of Recipient. Except as specified in the preceding sentence, no liability of any party on this promissory note will be discharged by any action consented to above taken by any holder of this promissory note.

To the extent permitted by the Oregon Constitution and the Oregon Tort Claims Act, the prevailing party in any dispute arising from this promissory note will be entitled to recover from the other its

reasonable attorney fees and costs and expenses at trial, in a bankruptcy, receivership or similar proceeding, and on appeal. Reasonable attorney fees shall not exceed the rate charged to State by its attorneys.

This promissory note will be governed by and construed in accordance with the law of the State of Oregon, without regard to principles of conflicts of law.

recipient

By: XXXXXXXXXXXXXXXXXXXX

Exhibit B

Description of Property

That certain real property situated in Columbia County, Oregon, described as follows:

Parcel 1 and 2 of PARTITION PLAT NO. 2014-09, recorded on November 20, 2014, under Instrument No. 2014-007728, Records of Columbia County, Oregon, TOGETHER WITH a 50 foot wide easement shown as Easement "A" and delineated over Parcel 3 of Partition Plat No. 2007-10.

TOGETHER WITH an easement for ingress and egress over that property as described in Amended Easement and Maintenance Agreement, recorded May 13, 2003, as instrument No. 03-07337, Records of Columbia County, Oregon.

TOGETHER WITH an easement for ingress and egress as set forth in Easement and Maintenance Agreement recorded April 25, 2007, as Instrument No. 2007-005570, records of Columbia County, Oregon.

Exhibit C
OMIC Business Plan

OREGON
MANUFACTURING
INNOVATION CENTER

Shaping the Future of Manufacturing in Oregon

Business Plan | April 25, 2016

World-class Opportunity for Oregon

The Oregon Manufacturing Innovation Center (OMIC) is an extraordinary project that will augment our region's capabilities in metals, machinery and manufacturing; deliver innovative and efficient solutions to industry; and train the next advanced manufacturing workforce leading to quality jobs. The primary catalyst for OMIC is the co-location of a Research and Development (R&D) Center and Training Facility in Columbia County.

Project Background

The Boeing Company Portland, Oregon facility is one of the world's largest titanium machine shops. In recent years, the facility has faced increased pressure from competition. To achieve long-term competitiveness, The Boeing Company seeks new and innovative tools, techniques and technologies in support of production-rate increases and cost-reduction initiatives.

Supported by the Advanced Manufacturing Research Center (AMRC) in Sheffield UK, The Boeing Company has transitioned several innovative technologies into the production chain. However, the innovation-to-production pathway is long, due to the lack of proximity of Boeing's primary manufacturing facilities in the US and AMRC's UK location. To assist Boeing and other regional, national and international companies in shortening this pathway, economic development leaders from industry, academia and government have assembled in the Portland region to establish the feasibility and creation of an initial business plan for a US-based Advanced Manufacturing Research Center closer to the Boeing Portland facility. Concurrent to this and what would become a key factor was Portland Community College's plan to build a new educational facility in Columbia County.

In September 2015, November 2015 and January 2016, meetings were held in Salem and throughout the Portland metro with elected officials, potential industrial partners, philanthropists, Portland Community College, higher education institutions and potential developers. In January 2016, Senator Betsy Johnson, representatives of the Governor and delegates from Oregon educational institutions, state and economic development agencies and The Boeing Company visited and toured AMRC in Sheffield and gather intelligence on the model.

What emerged is a truly unique economic development opportunity that will establish the Oregon Manufacturing Innovation Center (OMIC) in Columbia County—an ambitious proposal aimed at shaping the future of manufacturing in Oregon. The vision of OMIC is a thriving region driven by a cluster of high-value manufacturing companies and supply chain firms co-located with research and workforce training operations that serve the needs of industry and the surrounding community.

AMRC and OMIC: An Overview

AMRC Sheffield is a 400-acre campus that houses engineered-based research and training operations and employs 2,000 engineers and apprentices. It has a proven track record of delivering technology solutions that directly impacts industry's bottom line and increases competitiveness. Through partnerships with The Boeing Company, 14 other like AMRC centers have been successfully replicated worldwide. Oregon would be the first such AMRC in the United States with a Boeing partnership.

Oregon has all the ingredients for a successful innovation district¹ – an established cluster of precision manufacturing companies, affordable and well-situated land, a skilled workforce, and proactive government and educational partners.

¹ A trend in urban planning that has emerged as a new model to stimulate economic growth in cities across the globe. "The Rise of Innovation Districts: A New Geography of Innovation in America" (2014). Bruce Katz; Julie Wagner.

The OMIC proposal brings together as founding partners The Boeing Company, the broader regional metals manufacturing industry and employers, Portland Community College (PCC), Portland State University (PSU), Oregon State University (OSU), Oregon Institute of Technology (OIT), the Oregon Legislature, the Office of the Governor, Oregon Employment Department, Business Oregon, Greater Portland Inc, Columbia County and City of Scappoose.

The business launch of OMIC will commence by 2017. The combination of industry-driven Research and Development (R&D) and Workforce Training facilities make OMIC a distinguished economic asset. Advanced manufacturing research activities from OSU, PSU and OIT are poised to begin once a building can be purchased or built.

The Boeing Company, regional industrial partners and Oregon research universities will serve as OMIC's R&D anchor tenants, providing a collaborative environment that accelerates innovative technologies, tools and techniques to directly increase the competitiveness of the member companies.

Parallel to this, PCC will build the Oregon Training Facility focused on serving students through industry-sponsored skilled apprenticeships, leading to postsecondary credentials and family-wage jobs. As the educational accrediting partner for these training activities, PCC will work closely with metals manufacturing companies. Initial apprenticeships will target underserved students in metals manufacturing.

Regional Snapshot

Metals manufacturing is a legacy industry for Greater Portland. The region has approximately 600 small, medium and large metals manufacturing companies—from small-employee machine shops to major producers supplying Boeing, Daimler and other aerospace, transportation, infrastructure and industrial machinery manufacturers.² OMIC presents a significant opportunity to ensure the retention and expansion of these firms in our region through an industry/university R&D capability and the skilled talent from the Training Facility.

Co-location of R&D and manufacturing is a must for an innovation-based economy.³ A manufacturer must innovate in design, testing and production to deliver faster, better, cheaper products to the market. For such innovations to take place, fast prototyping and experimentation must be conducted. As our region's metals manufacturers see their global competition increase, their viability critically depends on R&D competencies in support of their rapid innovation need. However, the cost of establishing an R&D capability for rapid product and process innovation is prohibitive for individual companies, which is why even large manufacturers, like Boeing seek collaborative R&D expertise. An R&D center near manufacturers, many of which are in supply-chain relationships with one another, can rapidly produce innovations and lead to a large-scale employment increase.

As Greater Portland's aging workforce retires, the biggest replacement openings will be for Industrial Machinery Mechanics, Maintenance and Repair Workers, and Specialty Welders, along with Supervisors of Production and Operating Workers. The demand for some skilled occupations, such as Machinists, is outpacing supply.⁴ The fastest-growing production occupations are those requiring integrated computer skills, and precision production and craft skills. Both will likely experience new and replacement job openings as advanced manufacturing markets grow.⁵

² Additive and subtractive: the new math of Metals & Machinery Manufacturing (2015). Beth Fitz Gibbon.

³ Making Prosperity - Creating a Sound Economy through Advanced Manufacturing with Advanced Materials, Robust Supply Chains and Exports (2015). Beth Fitz Gibbon.

⁴ EMSI

⁵ Oregon Talent Plan (2015).

The R&D Center

The value proposition of the R&D Center is to enhance the competitiveness of metals manufacturing companies of all sizes through a partnership among industry, universities and government, as well as provide a critical mass and magnet for other manufacturing companies—thus, creating an innovation center for advanced manufacturing in Oregon.

The R&D Center will be a deeply integrated applied research facility comprised of technically talented people of all levels who have access to state-of-the-art technology. R&D turns knowledge into value. Industry-led technology offers a pathway for products to move into the marketplace, creating economic value for the participants, in turn generating economic value for the region. Commercialization of technology fuels economic activity.

Applied Research Areas

Industry and university research partners identified the following short/mid/long-term areas as driving market value, therefore improving process and technique, and benefiting all stakeholders and the supply chain.

APPLIED RESEARCH AREAS	SHORT TERM	MID TERM	LONG TERM
Subtractive Processes	■	■	■
Hard Metal Machining	■	■	■
Automation and Optimization	■	■	■
Advanced Joining (Welding)	■	■	■
Material Efficiencies (National Lab)	■	■	■
Building Next-Generation Machining Tools		■	■
Structural Testing			■
Large Integrated Structures			■
Reconfigurable Factory Concepts			■

The Oregon Training Facility

The value proposition of the Oregon Training Facility is to build a training apprenticeship program that both meets industry demand and prepares a workforce to fill the many open manufacturing jobs—thus, closing the skills gap for advanced manufacturing in the region.

The Oregon Training Facility will provide an industry-sponsored, Registered Apprenticeship program leading to postsecondary credentials and family-wage jobs. It is the product of a dynamic partnership among higher education, industry and government intended to train and foster the next advanced-manufacturing workforce in Oregon.

Training will target three populations:

- **Diversity:** Focusing on underrepresented populations in Advanced Manufacturing including persons of color, women, the economically disadvantaged and young professionals
- **Adults:** Job seekers from the public workforce system including WorkSource and Department of Human Services clients
- **Youth:** High school students interested in advanced manufacturing careers, including those enrolled in related Career Technical Education (CTE) coursework and disengaged youth

Degrees and Career Pathways

Institutions of higher education will partner through the Training Facility to develop and support clearly articulated career pathways. This will lead to further education for students and more advanced careers in engineering and advanced manufacturing. Existing pathways between Oregon institutions will be leveraged as will existing pathway models that companies like Boeing have created to promote career advancement.

Degrees	PCC	OIT	OSU	PSU
Applied Business	■	■		
Computer Science (Hybrid Post Baccalaureate)			■	
Engineering Management (Hybrid Masters)			■	
Engineering/Technology Programs	■	■		■
Industrial Mechanics and Maintenance Technology Apprenticeship	■			
Innovation Management (Hybrid MBA)			■	
Machine Manufacturing Technology	■			
Manufacturing/Engineering (Masters)		■		■
Mechanical Engineering (Four Year)		■		■
Supply Chain/Logistics Management (Hybrid MBA)				
Welding	■			

One Vision: Parallel Paths

OMIC’s vision is a thriving region driven by a cluster of high-value manufacturing companies and supply chain firms co-located with research and workforce training operations that serve the needs of industry and the surrounding community. To achieve this, the physical manifestation of OMIC will occur in a two-pronged, phased approach.

Real Estate Needs, Costs, Ownership and Operation

R&D Center

Industry and academic engineers will work jointly as teams on industry-funded, applied research projects. The manufacturing floor provides shared, state-of-the-art equipment. Offices and conference rooms provide collaboration space for project teams. Classrooms provide access to professional development seminars, graduate education and industry-to-industry technical exploration. Equipment will be available for fee-based bespoke use by industry R&D Center members, including small and mid-sized businesses. This approach is especially supportive of the manufacturing supply chain, by allowing the smaller players to test feasibility and develop processes on equipment that would otherwise be out of reach.

The R&D Center requires immediate space needs of 25,000-30,000 SF to house primarily research equipment and researchers with additional office and classroom spaces. Approximately 5,000 SF will be allocated to each research partner (use outlined below), along with space for a machining floor.

- OIT: 3-5 faculty located onsite with 1-2 classrooms for remote delivery for instruction; research space to include a lab for laser joining.
- PSU: Research equipment for machining, joining, structural property simulation and testing, Gleeble, thermal treatments, and environmental testing.
- OSU: Shared use equipment and lab space for subtractive processes, hard metal machining, automation and optimization, advanced joining and robotics automation.

Training Facility

The Training Facility requires real estate needs of 20 acres with an option to purchase an additional 20 acres for potential future expansion. Phase one building requirements are 25,000 SF configured to house a large open, high bay training area, classrooms, computer labs, offices, small conference room, reception area and storage. The facility will be owned and operated by PCC.

Financials

The initial legislative funds for OMIC will be used to cover capital investments in land, buildings and some basic capital equipment. Additional resources will be sought from federal, regional, local and philanthropic funding sources.

POTENTIAL MATCHING REVENUE FOR R&D CAPITAL COSTS	
Oregon State Senate Bill 5701 (OBDD)	\$2,500,000
OMIC Stakeholder	\$1,500,000
State Agency Resources (Business Oregon, IFA, ODOT)	\$4,000,000
Total	\$8,000,000

FUNDS EARMARKED FOR TRAINING FACILITY, INFRASTRUCTURE COSTS	
PCC Existing Bonds	\$9,400,000
Article XI-G Bonds (pending approval by Oregon legislature)	\$5,000,000
Economic Development Administration ⁶ (potential available pending EDA approval)	\$3,000,000
Total	\$17,400,000

OMIC Allocation of Budget Associated with HB 5203 and SB 5701 (2016 Legislative Session)

Upon acceptance of the OMIC Business Plan, this would release the authorized \$5 million of Article XI-G bonds proceeds for this project to PCC for the Training Facility and \$2.5 million of lottery revenue bond proceeds for this project to Oregon Business Development Department (OBDD) for the R&D Center.

R&D Center Options and Estimated Construction Costs⁷

Current options

- Purchase of existing building plus road, ROW, utilities \$5,700,000
- Land and construction of 20,000 SF building by Port of St. Helens \$5,530,000
- Private developer build-to-suit plus road, ROW, utilities \$13,000,000

Currently, the purchase of an existing building has been prioritized due to the property's alignment with existing R&D needs. With current agreements in place through the Oregon Metal Initiative (OMI) and the Northwest Collaboratory for Sustainable Manufacturing (NWCSM), university partners have plans to hire faculty and expand current advanced manufacturing research, and as industry partners have immediate opportunities to accelerate R&D projects, the purchase of an existing facility is the most cost-effective option. A building has been identified, and negotiations for purchase are in process with an OMIC stakeholder, but cannot be disclosed until approval for the transaction is decided in May. If purchased, the building will be owned by that OMIC stakeholder. The R&D Center will be operated by the OMIC stakeholder that purchases the building, in conjunction with NWCSM, a neutral third-party entity.

Purchase of existing building	\$4,700,000
Road, ROW and utilities	\$1,000,000
Total	\$5,700,000

⁶ Application will reflect OMIC vision to include both Training Facility and R&D Center
⁷ See appendix 3 for supporting materials provided by Columbia County Economic Team

Training Facility Options and Estimated Construction Costs

Current options

A site in Columbia County has been identified and exploration of a real estate acquisition is in progress. As a result, costs related to land, construction, road ROW and utilities cannot be disclosed. In April, PCC's Board approved a resolution to delegate authority to its District President concerning real property matters related to acquisition of property in Columbia County.

Revenue Forecast and Operating Funds

R&D Center

A large share of the operation funds for the R&D Center will come from annual industry memberships, fee-for-service research contracts, grants and in-kind donation of equipment. A portion of the operating funds will come in the form of a tiered membership structure. Tier 1 members will pay \$300,000 per year, and Tier 2 members will pay \$45,000 per year. The initial membership is a five-year commitment. Tier 1 will be comprised of large manufacturers, and Tier 2 will be comprised of current and aspiring supply chain firms. Companies not wishing to join OMIC as a Tier 1 or Tier 2 member will be able to access the research through either consultancy or by funding individual projects (fee-for-service contracts). Estimated annual revenues are: Year 1 - \$2,245,000; Year 2 - \$5,180,000 and Year 3 - \$6,170,000. (See Appendix 2)

R&D Center Estimated Operating Cost Forecast

The forecasted operating costs for the R&D Center are: Year 1 - \$3,521,800; Year 2 - \$4,230,800 and Year 3 - \$5,734,300. (See Appendix 3)

Training Facility

It is PCC-standard procedure to generate a comprehensive operational budget for any new facility or program initiative, and as such this will be developed as funding is released. The following are identified revenue streams:

- Student tuition
- State FTE reimbursement on student enrollment
- Federal and state grant opportunities such as the current OED apprenticeship grant
- Professional development training for industry at Training Center
- Leasing space at the Training Center
- PCC investment in Operations (overhead, staffing, maintenance, etc.)
- Philanthropic/Foundation Investments (PCC Foundation, individual and organizational donors, etc.)

Partner Commitment and Trigger for Use of Appropriated Capital Funds

R&D Center

Industry and university engagement in OMIC are core to its sustained success. As fiscal agent for the appropriated \$2,500,000 lottery revenue bonds, Business Oregon will require base operating commitments to be in place prior to releasing funds for capital acquisition, construction or infrastructure development. Operating funds for the R&D Center will come from tiered memberships, contract fees and federal research grants. To that end, Business Oregon will require a minimum commitment of a second Tier 1 member to join Boeing and any combination of a Tier 2 member, fee-for-service contracts, federal research grants or commitments from university partners to provide staff, equipment and research projects totaling \$400,000 before releasing the use of appropriated capital funds. Commitments can be expressed through signed Letters of Intent or documentation of contracts or receipt of grant awards (See Appendix 4). Estimated annual revenues are provided in detail (See Appendix 2).

The AMRC relationship brings an international network of willing industrial partners poised to join and invest in OMIC. The AMRC model brings together experienced teams who deliver sustainability by securing additional capital investment, equipment and expertise. The AMRC Sheffield has a proven track record for

delivering technology solutions to industry that directly impacts bottom line, increases competitiveness and provides product ready solutions.

Adrian Allen, Commercial Director at AMRC Sheffield has been engaged under a consulting contract by The Boeing Company for the express purpose of fostering industry support for OMIC. Mr. Allen will return to Oregon in May to engage industry partners. Upon release of the funding from the legislature, letters of intent will be solicited from initial industry partners.

On a state, regional and local business development level, outreach efforts are already underway to engage industry in OMIC. The industry list consists of 123 companies. Relationships within the existing collaborative networks of OMI and NWCSM are being leveraged to secure meetings for membership engagement. Additionally, there is a precedent for fee-for-service contracts and projects existing through university and industry partnerships which will serve as a pipeline for OMIC.

Training Facility

Employer partnerships are vital to the success of the apprenticeship program, and garnering commitments from employers is a top priority. PCC will work closely with the Oregon Employment Department and Local Workforce Investment Boards in the region to engage businesses in sponsoring apprentices.

Governance

Transitional Governance

The founding partners—industry, government and academia—formed an Enterprise (*See Appendix 1*) that serves as an interim governance structure to create the mission and vision, and launch OMIC. The Enterprise created a Steering Committee to develop the OMIC business plan including identification of R&D and Training objectives, ownership and operation of the facilities, financials and revenue models, industry partnerships and a timeline of deliverables.

Permanent OMIC Governance

Clear leadership and accountability will be essential for OMIC to deliver industrial requirements to commercial time scales. Permanent OMIC governance will be established through a Board of Directors, which will guide the strategic direction and oversee the performance of OMIC. Composition of the board will include private industry (through a tiered membership model⁸), and higher education—PCC, PSU, OIT and OSU each having a seat on the Board.

⁸ Each Tier 1 member will have one representative and one observer; there will be one representative for every five Tier 2 members

Timeline of Deliverables and Milestones

	R&D CENTER	TRAINING FACILITY
YEAR ONE	<ul style="list-style-type: none"> Identify temporary or permanent accommodation available Building plans (purchase/constructed) produced and agreed upon Identify key technologies being developed within universities that can be showcased, matured and exploited at OMIC (see page 3) Interim Commercial and Research Directors in place Initial projects defined Initial research staff in place by end of Q1 2017 Membership: two Tier 1 and one Tier 2 Secure \$500,000 in equipment donations or discount consideration Secure \$400,000 in third-party funding (grants) 	<ul style="list-style-type: none"> Two new Registered Apprenticeship programs in Machining Manufacturing Technology and Welding Estimated 25 apprentices enrolled in temporary existing PCC space
YEAR TWO	<ul style="list-style-type: none"> Membership: two Tier 1; three Tier 2 Attract research projects from local and international manufacturing companies Add staffing⁹ as cash flow permits Secure \$1.4M in third party external funding (grants) Secure \$500,000 in equipment donations or discount considerations 	<ul style="list-style-type: none"> Facility construction at site in Columbia County Estimated 35 new apprentices enrolled
YEAR THREE	<ul style="list-style-type: none"> Membership: one Tier 1 and two Tier 2 Secure \$1.4M in third-party external funding (grants) Add staffing⁹ as cash flow permits Begin initial planning for execution of OMIC Phase II 	<ul style="list-style-type: none"> Estimated 50 new apprentices enrolled New employers committed to sponsorship
YEAR FOUR	<ul style="list-style-type: none"> Membership: one Tier 1 and two Tier 2 Secure \$1.4M in third-party external funding (grants) \$1M in equipment donations or discount considerations 	<ul style="list-style-type: none"> Estimated 60 new apprentices enrolled New employers committed to sponsorship
YEAR FIVE	<ul style="list-style-type: none"> Membership: one Tier 1 and two Tier 2 Execute Phase II Secure \$1.4M in third party external funding (grants) 	<ul style="list-style-type: none"> Estimated 70 new apprentices enrolled New employers committed to sponsorship

⁹ Center Administrator, Operations Manager, Financial Manager, IT Manager

The Big Picture

This business plan outlines the first phase of OMIC and represents just the beginning. The vision of OMIC is a thriving region driven by a cluster of high-value manufacturing companies and supply chain firms co-located with research and workforce training operations that serve the needs of industry and the surrounding community.

Heralded as “one of the most desirable addresses for advanced manufacturing in the UK”¹⁰, the AMRC Sheffield and its surrounding area is among those select regions in the world recognized as an innovation district.

Innovation districts have the unique potential to spur productive, inclusive and sustainable economic development. In periods of slow growth, they can serve as a base for job creation and company expansion by helping companies, entrepreneurs, universities, researchers and investors—across industries and disciplines—co-invent and co-produce new discoveries for the market. Often, these districts are proximate to low/moderate-income neighborhoods and can be a catalyst in expanding employment and educational opportunities for disadvantaged populations and underserved communities. Further, innovation districts lend to the prospect of denser residential and employment patterns, leveraging mass transit and transportation corridors to better connect people to work and home.¹¹

Like AMRC Sheffield in maturation, OMIC at build-out has a profound opportunity to transform the economic landscape, not only of Scappoose and Columbia County, but also of Greater Portland and Oregon. But it will not happen on its own nor overnight.

The potential of economic development is to do what markets alone cannot do: influence growth through action and investments.¹²

Regional economic prosperity depends on a competitive industrial commons – a strong economic ecosystem with capabilities shared among manufacturing companies, suppliers, customers, partners, skilled workers and regional institutions such as universities and community colleges. Companies and governments must invest together in the regional industrial commons as their source of competitive advantage.¹³

¹⁰ <http://www.amrc.co.uk/news/the-mayfair-of-manufacturing/>

¹¹ “The Rise of Innovation Districts: A New Geography of Innovation in America” (2014). Bruce Katz; Julie Wagner.

¹² Remaking Economic Development (2016). Amy Liu, Brookings Institution

¹³ Making Prosperity - Creating a Sound Economy through Advanced Manufacturing with Advanced Materials, Robust Supply Chains and Exports (2015)

Appendix 1: Enterprise Partners

AMRC Sheffield

The Boeing Company

City of Scappoose

Columbia County

Columbia County Economic Team (CCET)

Greater Portland Inc

Oregon Institute of Technology

Oregon State University

Northwest Collaboratory for Sustainable Manufacturing

Port of St. Helens

Portland Community College

Portland State University

Public Affairs Counsel

State of Oregon

Appendix 2: Estimated R&D Revenue Forecast

	Cumulative Revenue Growth Forecast			Forecasted Growth Number of Members			
	Year 1	Year 2	Year 3		Year 1	Year 2	Year 3
TIER 1 <i>Cumulative</i>	\$600,000	\$1,200,000	\$1,500,000	TIER 1 <i>Membership</i> <i>(\$300K each)</i>	2 new <i>(Total of 2)</i>	2 new <i>(Total of 4)</i>	1 new <i>(Total of 5)</i>
TIER 2 <i>Cumulative</i>	\$45,000	\$180,000	\$270,000	TIER 2 <i>Membership</i> <i>(\$45K each)</i>	1 new <i>(Total of 1)</i>	3 new <i>(Total of 4)</i>	2 new <i>(Total of 6)</i>
FEE-FOR-SERVICE CONTRACTS <i>Cumulative of all Tier 1 times 2</i>	\$1,200,000	\$2,400,000	\$3,000,000				
NSF Grant	\$400,000	\$400,000	\$400,000				
NNMI Grant		\$1,000,000	\$1,000,000				
TOTAL OPERATING REVENUE	\$2,245,000	\$5,180,000	\$6,170,000				

Appendix 3: Forecast of R&D Center Operating Costs

	Year 1 2017	Year 2 2018	Year 3 2019	Year 4 2020	Year 5 2021	Total
Equipment Costs						
Equipment Purchase ⁱ	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,000,000
Equipment Replacement Costs	\$0	\$0	\$0	\$0	\$1,000,000	\$1,000,000
TOTAL COST	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$2,000,000	\$6,000,000
EXPENSES						
Additional Staff Costs						
Senior Management	\$800,000	\$840,000	\$882,000	\$926,000	\$972,000	\$4,420,000
Support Staff Costs	\$30,000	\$60,000	\$120,000	\$300,000	\$360,000	\$870,000
Research Assistants	\$250,000	\$500,000	\$1,000,000	\$1,500,000	\$2,000,000	\$5,250,000
Additional Expenses						
Building Loan Interest Fee ⁱⁱ	\$216,000					
Building Maintenance			\$10,000	\$20,000	\$20,000	\$50,000
Landscaping		\$5,000	\$2,000	\$2,000	\$2,000	\$11,000
Taxes ⁱⁱⁱ	\$0	\$0	\$0	\$0	\$0	\$-
Insurance	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$9,000
Water Sewage ^{iv}	\$0	\$0	\$0	\$0	\$0	\$-
Energy Costs (Electricity, Gas, Oil)	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$30,000
Custodial	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000
Security	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
University Overhead	\$830,000	\$1,400,000	\$2,002,000	\$2,726,100	\$3,332,000	\$10,290,100
Technicians	\$200,000	\$210,000	\$220,500	\$231,530	\$243,100	\$1,105,130
Tooling/Fixtures			\$200,000	\$300,000	\$400,000	\$900,000
Professional Services	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
Marketing	\$20,000	\$40,000	\$100,000	\$100,000	\$100,000	\$360,000
Office Equipment	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000
Office Supplies	\$8,000	\$8,000	\$10,000	\$10,000	\$10,000	\$46,000
Travel	\$40,000	\$40,000	\$60,000	\$60,000	\$80,000	\$280,000
TOTAL EXPENSES	\$2,521,800	\$3,230,800	\$4,734,300	\$6,303,430	\$7,646,900	\$24,221,230
TOTAL COSTS	\$3,521,800	\$4,230,800	\$5,734,300	\$7,303,430	\$9,646,900	\$30,221,230

ⁱ Initial costs will be alleviated by In-kind donations from industry and equipment from universities

ⁱⁱ This is for 12 months from down payment date at 8% on a balance of \$2.7 million. Down payment is \$1.3 million including earnest money

ⁱⁱⁱ Current OMIC location is in South Columbia County Enterprise Zone; tax exempt for first five years

^{iv} Facility is on a well; no cost for water/sewage per CCET

5. Administrative support for grants/contracts processing and other functions during the start-up of OMIC.

We believe that OMIC can succeed in achieving its vision and become a world-class center that has great impact on increasing the manufacturing power and jobs in Oregon. I can be reached for further information at 503-725-8393.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Renjeng Su".

Renjeng Su
Dean



College of Engineering
Oregon State University, 101 Covell Hall, Corvallis, Oregon 97331-2409
T 541-737-3101 or 877-257-5182 | F 541-737-1805 | www.engr.oregonstate.edu

September 6, 2016

Chris Harder, Acting Director
Business Oregon
775 Summer St NE, Suite 200
Salem, OR 97301-1280

SUBJECT: Oregon State's Commitment to the Oregon Manufacturing Innovation Center

Dear Director Harder,

The Oregon State University College of Engineering is pleased to support the vision for the Oregon Manufacturing Innovation Center (OMIC) proposed for Columbia County. OMIC's workforce development and R&D efforts will draw new manufacturing industry to Oregon. OMIC will also provide an opportunity to expand the very successful, industry-led Oregon Metal Initiative (OMI). We are particularly excited about the full-scale manufacturing equipment that would be available to university partners.

The Oregon State College of Engineering has the largest advanced manufacturing program in the state, and is one of the leading programs in the country. Our expertise includes next-generation materials and devices, robotics, additive and subtractive processes, hard metal machining, advanced joining, product and human systems, and engineering design. Our capacity was built primarily through state-funded programs like OMI, Engineering Technology Industry Council (ETIC), and the Northwest Collaboratory for Sustainable Manufacturing (NWCSM). Among Oregon State's assets are 15 world-class faculty who conduct research in advanced manufacturing funded by industry, state and federal sources. Additionally, our Advanced Manufacturing and Technology Institute (ATAMI) is devoted to finding effective solutions to the challenges facing the manufacturing sector. OMIC offers the opportunity to expand our impact through the available unique shared-use equipment and closer collaboration with industry and our university partners. We look forward to access to the unique large-scale equipment to be donated by industry to OMIC, but we anticipate that no OSU equipment acquired prior to OMIC would be located in Scappoose.

In an effort to make OMIC a reality, the Oregon State College of Engineering commits to leasing up to 5,000 square feet of office, shared-use laboratory, and classroom space. Our 15+ faculty with expertise in advanced manufacturing, design, and robotics, and their graduate students would use this space and OMIC equipment for R&D. However, we do not anticipate that OSU employees would be permanently located at the OMIC in the near future, but rather space would be used by visiting faculty and students on a short-term temporary basis. I further commit myself, or a member of my leadership team, to serve on the OMIC board to oversee R&D efforts, as well as a dedicated member of our faculty to work with OMIC R&D facility and staff permanently.

Our commitments to the OMIC facility in Scappoose are as follows:

- \$100,000 per year for five years to lease up to 5,000 sf of office, shared use, and classroom space to help cover operating expenses.
- 20% time for Dr. John Parmigiani to serve as the permanent research staff dedicated to the OMIC R&D facility: \$29,559/year (based on current salary)
- 25% time for Dr. Burak Sencer to conduct research collaboratively with OMIC R&D staff and other university researchers: \$33,444/year (based on current salary)
- One-time purchase of OSU equipment to conduct initial OMIC related research by faculty member Dr. Burak Sencer. Research equipment will be located at the OMIC-affiliated facility (ATAMI) and will be used collaboratively with faculty and researchers located at the OMIC R&D facility in Scappoose. This equipment will be used to manufacture and prototype complex shaped parts, specifically for metal cutting and related research.
 - 5-Axis CNC Milling Machine: \$189,080
 - Laser Displacement Sensor: \$12,792

OSU commits to continue to support the OMIC vision on an indefinite basis, but the specific commitments enumerated above are made on a yearly basis. I would expect the first year to commence following OSU's review, approval and signing of the initial operating agreement and lease for OMIC with OSU making the commitment for subsequent years based on an annual review.

In addition, to help make OMIC a success, we also commit to offering our hybrid post-baccalaureate computer science degree, our hybrid masters in engineering management, and the College of Business hybrid MBAs in Innovation Management and Supply Chain/Logistics Management. The offerings and classroom space required will be based on student demand.

We are excited to participate in this opportunity to expand our impact on the manufacturing industry and to create new jobs in Oregon. Please do not hesitate to contact me if you have any questions at (541)737-7872.

Best Regards,



Scott A. Ashford, Ph.D.
Kearney Professor and Dean

**ATTACHMENT D
COMMITMENT LETTERS – INDUSTRY PARTNERS**

Letter of Commitment to the Oregon Manufacturing Innovation Center (OMIC)

This non-binding letter of commitment, is effective as of August 31, 2016, on behalf of [REDACTED] (hereinafter referred to as [REDACTED]), located in Portland, Oregon, USA, and is intended to set forth the basic understanding of interest in collaborating in establishing the Oregon Manufacturing Innovation Center (“OMIC”) as a Launch Partner. Accordingly, [REDACTED] hereto intends as follows:

- 1) Participation in the OMIC as a Tier II member.
- 2) Additionally, [REDACTED], in support of OMIC, will;
 - a) Provide one .25 FTE staff member for one year to support the project
 - b) Allocation of equipment and materials TBD to be credited against [REDACTED]’s first year membership.
 - c) Provide an apprenticeship pathway for OMIC training center students through our onsite weld center with PCC or directly through our Portland area facilities
 - d) Other input and assistance to the training center including curriculum assistance, mentoring, supplies and equipment
- 3) [REDACTED] intends to commence good faith negotiations of a Master Membership Agreement to establish the OMIC which will provide a framework for cooperation between other potential launch partners and other industry partners who may join said Agreement.
- 4) [REDACTED] agrees to use their best effort to complete the negotiations and execute the final Master Membership Agreement within 3 months from the date of this Letter. The time necessary to complete the final agreement may be extended by mutual, written agreement..
- 5) This Letter of Commitment shall terminate at the earliest of:
 1. One (1) year from the effective date; or
 2. Execution of the Master Membership Agreement; or
 3. A written agreement by the Parties to terminate this letter.
- 6.) No public release or statement as to the existence or nature of this Letter, nor the activities carried out hereunder, shall be made without the written consent of [REDACTED].
- 7.) This Letter constitutes only an expression of intent and commitment of [REDACTED]

as outlined above and does not constitute a binding agreement by [REDACTED] to consummate the transactions outlined in the Letter. No offer, commitment, estoppel, undertaking or obligation of any nature whatsoever shall be implied in fact, law or equity unless expressly made part of this Letter.

AS WITNESS HERETO

[REDACTED]

By: [REDACTED]

Title: [REDACTED]

Date: [REDACTED]

Letter of Commitment to the Oregon Manufacturing Innovation Center (OMIC)

This non-binding letter of commitment is effective as of September 2, 2016, provided by and on behalf of [REDACTED] acting through [REDACTED] located in [REDACTED] Oregon, USA, (hereinafter referred to as [REDACTED]) and is intended to set forth the basic understanding of interest in collaborating in establishing the Oregon Manufacturing Innovation Center ("OMIC") as a Launch Partner. Accordingly, [REDACTED] hereto intends as follows.

- 1) [REDACTED] intends to participate in the OMIC as a Tier II member.
- 2) [REDACTED] will contribute 0.2 FTE person for 1 year to support the creation of OMIC.
- 3) [REDACTED] intends to commence good faith negotiations of a Master Membership Agreement to establish the OMIC which will provide a framework for cooperation between other potential launch partners and other industry partners who may join said Agreement.
- 4) [REDACTED] agrees to use its best effort to complete the negotiations and execute the final Master Membership Agreement within 3 months from the date of this Letter. The time necessary to complete the final agreement may be extended by mutual, written agreement.
- 5) This Letter of Commitment shall terminate at the earliest of:
 - a. One (1) year from the effective date; or
 - b. Execution of the Master Membership Agreement; or
 - c. A written agreement by the launch partners to terminate this letter.
- 6) No public release or statement as to the existence or nature of this Letter, nor the activities carried out hereunder, shall be made without the written consent of [REDACTED]
- 7) This Letter constitutes only an expression of intent and commitment of [REDACTED] as outlined above and does not constitute a binding agreement by [REDACTED] to consummate the transactions outlined in the Letter. No offer, commitment, estoppel, undertaking or obligation of any nature whatsoever shall be implied in fact, law or equity unless expressly made part of this Letter.

AS WITNESS HERETO

[REDACTED]

By:
Title:
Date:

[REDACTED]

Letter of Commitment to the Oregon Manufacturing Innovation Center (OMIC)

This non-binding letter of commitment ("Commitment Letter"), effective as of August 31, 2016, is provided by and on behalf of [REDACTED] located in Portland, Oregon, USA, (hereinafter referred to as [REDACTED] and is intended to set forth the basic understanding of interest in collaborating in establishing the Oregon Manufacturing Innovation Center ("OMIC") as a Launch Partner. Accordingly, [REDACTED] hereto intends as follows:

- 1) Participation in the OMIC as a Tier II member.
- 2) Additionally [REDACTED] in support of OMIC, will;
 - a) Provide staff and resources necessary to participate in the negotiation of the Agreement referenced below.
 - b) Provide the equivalent of one engineering FTE for the first two years of the OMIC.
 - c) Other staff and resources as reasonably necessary for successful launch and support of the OMIC (at [REDACTED] s participation level).
- 3) [REDACTED] intends to commence good faith negotiations of a Master Membership Agreement (the "Agreement") to establish the OMIC, which will provide a framework for cooperation between other potential launch partners and other industry partners who may join the Agreement.
- 4) [REDACTED] agrees to use their best effort to complete the negotiations and execute the Agreement within 3 months from the date of this Letter. The time necessary to complete the Agreement may be extended by mutual, written agreement.
- 5) This Commitment Letter shall terminate at the earliest of:
 1. One (1) year from the effective date; or
 2. Execution of the Agreement; or
 3. A written agreement by the Launch Partners to terminate pursuit of OMIC.
- 6.) No public release or statement as to the existence or nature of this Commitment Letter, nor the activities carried out hereunder, shall be made without the written consent of [REDACTED]
- 7.) This Commitment Letter constitutes only an expression of intent and commitment of [REDACTED] as outlined above and does not constitute a binding agreement by [REDACTED] to consummate the Agreement. No offer, commitment, estoppel, undertaking or obligation of any nature whatsoever shall be implied in fact, law or equity unless expressly made part of this Letter.

AS WITNESS HERETO

[REDACTED]

By: [REDACTED]

Title: [REDACTED]

Date: [REDACTED]

Letter of Commitment to the Oregon Manufacturing Innovation Center (OMIC)

This non-binding letter of commitment, is effective as of August 31st, 2016 provided by and on behalf of [REDACTED] and is intended to set forth the basic understanding of interest in collaborating in establishing the Oregon Manufacturing Innovation Center ("OMIC") as a Launch Partner. Accordingly, [REDACTED] hereto intends as follows:

- 1) Participation in the OMIC as a Tier II member.
- 2) Additionally, [REDACTED] in support of OMIC, will;
 - a) Allocation of funding (at least \$50,000) to secure support of key Advanced Manufacturing Research Center staff in consultation, this allocation will be credited as [REDACTED]'s first year membership.
 - i) [REDACTED] is currently developing and evaluating a business case for the value of a Tier I. [REDACTED] expects this evaluation be completed by the end of October.
 - b) Staff and resources as needed for successful execution of the OMIC.
- 3) [REDACTED] intends to commence good faith negotiations of a Master Membership Agreement to establish the OMIC which will provide a framework for cooperation between other potential launch partners and other industry partners who may join said Agreement.
- 4) [REDACTED] agrees to use their best effort to complete the negotiations and execute the final Master Membership Agreement within 3 months from the date of this Letter. The time necessary to complete the final agreement may be extended by mutual, written agreement
- 5) This Letter of Commitment shall terminate at the earliest of:
 - 1. One (1) year from the effective date; or
 - 2. Execution of the Master Membership Agreement; or
 - 3. A written agreement by the Parties to terminate this letter.
- 6.) No public release or statement as to the existence or nature of this Letter, nor the activities carried out hereunder, shall be made without the written consent of [REDACTED]
- 7.) This Letter constitutes only an expression of intent and commitment of [REDACTED] as outlined above and does not constitute a binding agreement by [REDACTED] to consummate the transactions outlined in the Letter. No offer, commitment, estoppel, undertaking or obligation of any nature whatsoever shall be implied in fact, law or equity unless expressly made part of this Letter.

AS WITNESS HERETO

By:
Title:
Date:

[REDACTED]

Letter of Comittment to the Oregon Manufacturing Innovation Center (OMIC)

This non-binding letter of commitment, is effective as of August 31, 2016 provided by and on behalf of [REDACTED] located in [REDACTED], USA, (hereinafter referred to as [REDACTED]) and is intended to set forth the basic understanding of interest in collaborating in establishing the Oregon Manufacturing Innovation Center ("OMIC") as a Launch Partner. Accordingly, [REDACTED]'s hereto intends as follows:

- 1) Participation in the OMIC as a Tier 2 member contributing \$45,000.00 per year for 5 years in cash and in-kind to fill any gap therein
- 2) [REDACTED]'S intends to commence good faith negotiations of a Master Membership Agreement to establish the OMIC which will provide a framework for cooperation between other potential launch partners and other industry partners who may join said Agreement.
- 3) [REDACTED]'s agrees to use their best effort to complete the negotiations and execute the final Master Membership Agreement within 3 months from the date of this Letter. The time necessary to complete the final agreement may be extended by mutual, written agreement..
- 4) This Letter of Commitment shall terminate at the earliest of:
 1. One (1) year from the effective date; or
 2. Execution of the Master Membership Agreement; or
 3. A written agreement by the Parties to terminate this letter.
- 6.) No public release or statement as to the existence or nature of this Letter, nor the activities carried out hereunder, shall be made without the written consent of [REDACTED].
- 7.) This Letter constitutes only an expression of intent and commitment of [REDACTED]'S as outlined above and does not constitute a binding agreement by [REDACTED] to consummate the transactions outlined in the Letter. No offer, commitment, estoppel, undertaking or obligation of any nature whatsoever shall be implied in fact, law or equity unless expressly made part of this Letter.

AS WITNESS HERETO

[REDACTED]

By: [REDACTED]
 Title: [REDACTED]
 Date: [REDACTED]

[REDACTED]

Letter of Commitment to the Oregon Manufacturing Innovation Center (OMIC)

This non-binding letter of commitment, is effective as of 29 August 2016 provided by and on behalf of [REDACTED], acting through [REDACTED], located in [REDACTED], USA, (hereinafter referred to as "[REDACTED]") and is intended to set forth the basic understanding of interest in collaborating in establishing the Oregon Manufacturing Innovation Center ("OMIC") as a Launch Partner. Accordingly, [REDACTED] hereto intends as follows:

- 1.) Participation in the OMIC as a Tier I member.
- 2.) Additionally [REDACTED], in support of OMIC, will;
 - a) Provide one FTE staff member for one year to support the project
 - b) Allocation of funding (at least \$300,000) to secure support of key Advanced Manufacturing Research Center staff in consultation, this allocation will be credited as [REDACTED]'s first year membership.
 - c) Other staff and resources as needed for successful execution of the OMIC.
- 3.) [REDACTED] intends to commence good faith negotiations of a Master Membership Agreement to establish the OMIC which will provide a framework for cooperation between other potential launch partners and other industry partners who may join said Agreement.
- 4.) This Agreement is contemplated as the first step in establishing the OMIC and shall serve as the general framework of cooperation between the Parties until the final agreement is negotiated and executed.
- 5.) [REDACTED] agrees to use its best effort to complete the negotiations and execute the final Master Membership Agreement within 3 months from the date of this Letter. The time necessary to complete the final agreement may be extended by mutual, written agreement.
- 6.) This Letter of Commitment shall terminate at the earliest of:
 - 1. One (1) year from the effective date; or
 - 2. Execution of the Master Membership Agreement; or
 - 3. A written agreement by the Parties to terminate this letter.
- 7.) No public release or statement as to the existence or nature of this Letter, nor the activities carried out hereunder, shall be made without the written consent of [REDACTED].
- 8.) This Letter constitutes only an expression of intent and commitment of [REDACTED] as outlined above and does not constitute a binding agreement by [REDACTED] to consummate the transactions outlined in the Letter. No offer, commitment, estoppel, undertaking or obligation of any nature whatsoever shall be implied in fact, law or equity unless expressly made part of this Letter.

AS WITNESS HERETO

[REDACTED]

[REDACTED]

By: [REDACTED]

Title: [REDACTED]

Date: [REDACTED]

ATTACHMENT E
PROPERTY DONATION AGREEMENT
PROPERTY DONATION AGREEMENT

THIS PROPERTY DONATION AGREEMENT (this "Agreement") is dated for reference purposes as of August 26, 2016, by and between SCOTT T. PARKER, an individual ("Parker"), COLUMBIA COUNTY, OREGON (the "County"), THE STATE OF OREGON, acting by and through the State Board of Higher Education on behalf of the Oregon Institute of Technology ("OIT"), and ROLL TIDE PROPERTIES CORP., a California corporation ("Roll Tide"). The date that this Agreement is executed by Parker, the County, OIT, and Roll Tide shall be its effective date.

RECITALS

- A. Parker is the owner of the real property in Columbia County, Oregon, with the address of 33485 E. Crown Zellerbach Road, County of Columbia, and State of Oregon, and more particularly described on Exhibit A attached hereto (the "Parker Property").
- B. OIT is the buyer under a certain Purchase and Sale Agreement, as amended (the "OIT PSA"), with Roll Tide, as seller, with respect to the real property and improvements located on it at 33619 E. Crown Zellerbach Road, County of Columbia, and State of Oregon, and more particularly described on Exhibit B attached hereto (the "OIT Property"). The OIT Property is adjacent to the Parker Property.
- C. OIT desires to have vehicular access to and from the OIT Property and West Lane Road, a public road of the County of Columbia, Oregon, which access would be located on a portion of the Parker Property. Such access road would serve for the benefit of OIT and Roll Tide (as buyer and seller of the OIT Property), Parker (as owner of the Parker Property), and the County.
- D. Parker is willing to donate the approximately 1,300-linear feet and 80-foot wide access area (the "Access Area"), as depicted on Exhibit C attached hereto, OIT is willing to accept such donation and to dedicate the Access Area to the County (or the City of Scappoose, Oregon (the "City") if the OIT Property is annexed to the City) for use as a public road (including the installation of utilities), and the County is willing to accept the dedication of the Access Area from OIT for the purpose of use as a public road (including the installation of utilities), and Roll Tide is willing to agree to the same. The donation will be completed simultaneously with or as soon as possible after OIT has completed the acquisition of the OIT Property.
- E. Parker acknowledges that in reliance on Parker's agreement to donate the Access Area, OIT will be spending substantial sums on due-diligence investigations of the OIT Property.

AGREEMENT

Now, therefore, for valuable consideration, the parties agree as follows:

I. Donation and Dedication.

1.1 Agreement to Donate Roadway. Parker agrees to donate the Access Area to OIT to be used as a public roadway. The donation shall be in the form of a grant of a roadway easement or a fee title conveyance, whichever is required by the County to accept the dedication described below. Parker shall cooperate and take any steps necessary to make the dedication to the County (or the City, if applicable) described below effective. Such cooperation shall include, if required by the County (or the City, if applicable), cooperating with OIT to replat the Parker Property and the OIT Property to reconfigure the OIT Property into a "flag lot" with access to West Lane Road. In the event a replat is required, the cost thereof shall be paid by OIT.

1.2 Agreement to Dedicate Roadway. Upon receipt of the donation and closing of the purchase of the OIT Property, OIT agrees to dedicate the Access Area to the County (or to the City, if applicable).

Initial Date

1.3 Agreement to Accept Roadway. The County agrees to accept the dedication of the Access Area by OIT, subject to the County's standard requirements for the acceptance of a dedication of a public road within the Urban Growth Boundary of the City of Scappoose, including evidence of clear title and construction of a road that meets County City standards.

[Signature] 9-22

2. Development. Roll Tide has agreed pursuant to the Second Amendment to the OIT PSA to construct an unpaved road on the Access Area at Roll Tide's sole expense (which road shall be accessible to, with unlimited and unrestricted usage by, the owner of the Parker Property, the owner of the OIT Property, and their respective heirs, legal representatives, successors, and assigns as a public road). The County covenants to use best efforts to obtain grant funding to defray the cost of constructing a public road (the "Public Road") on the Access Area, including applying to the Oregon Department of Transportation for an Immediate Opportunity Fund grant to pay for up to 50 percent of the Public Road construction costs. The County has retained (at the County's expense) OTAK, Inc., an Oregon corporation, to assist in the grant application. Parker shall not be obligated by this Agreement to incur any costs in connection with the dedication or construction of the Public Road.

Initial Date

[Signature] 9-22

3. Closing. Closing (the "Closing" or the "Closing Date") on the donation of the roadway to OIT shall take place simultaneously with closing of the transaction contemplated in the OIT P A or as soon as possible thereafter; provided however if the OIT PSA transaction has not closed by December 31, 2017, this Agreement shall be of no further force or effect. Closing shall take place at the offices of Lawyers Title Insurance Company, 121 S.W. Morrison Street, Suite 500, Portland, Oregon 97204 ("Title Company"), at which time the Access Area shall be donated by Parker to OIT. On a date designated by OIT and approved by the County (or the City, if applicable) (the "Dedication Date"), which approval shall not be unreasonably withheld, the Dedication Deed (hereinafter

defined) shall be recorded in the property records of Columbia County, Oregon. OTT will pay the escrow fee, recording fees, any transfer taxes, and any other fees, or charges associated with the Closing.

4. **Marketable Title; Deed.** On the Dedication Date, OTT will dedicate the Access Area to the County (or the City, if applicable) by a Dedication Deed or other instrument acceptable to the County (the "Dedication Deed"), free and clear of all liens of record, excepting property taxes that are not yet payable, zoning ordinances, building and use restrictions, reservations in federal patents, and any other exceptions acceptable to the County (or the City, if applicable).
5. **Taxes; Prorates.** Real property taxes for the current tax year and other usual items must be prorated as of the Dedication Date.
6. **Possession.** OTT will be entitled to possession of the Access Area immediately on the Closing Date. The County (or the City, if applicable) will be entitled to possession of the Access Area immediately on the Dedication Date.
7. **Miscellaneous.**
 - 7.1 **Binding Effect.** This Agreement is binding on and will inure to the benefit of Parker, the County, OTT, Roll Tide, and their respective heirs, legal representatives, successors, and assigns.
 - 7.2 **Attorney Fees.** In the event a party to this Agreement brings any action or suit against another party to this Agreement by reason of any breach of any of the covenants, agreements, or provisions on the part of the other party arising out of this Agreement, then in that event the prevailing party shall be entitled to have and recover from the other party all costs and expenses of the action or suit, including actual attorney fees, at trial and on appeal. This Section 7.2 shall survive closing and the conveyance of the Access Area to the County.
 - 7.3 **Entire Agreement.** This Agreement sets forth the entire understanding of the parties with respect to the conveyance of the Access Area. This Agreement supersedes any and all prior negotiations, discussions, agreements, and understandings between the parties. This Agreement may not be modified or amended except by a written agreement executed by all parties.
 - 7.4 **Construction.** Headings at the beginning of each section are solely for the convenience of the parties and are not a part of this Agreement. Whenever required by the context of this Agreement, the singular shall include the plural, and the masculine shall include the feminine, and vice versa. This Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if both parties had prepared it. Unless otherwise indicated, all references to Sections are to this Agreement. All exhibits referred to in this Agreement are attached and incorporated by this reference.

7.5 **Counterparts.** This Agreement may be executed in counterparts, each of which will be considered an original and all of which together will constitute one and the same agreement.

7.6 **Facsimile Signatures.** Electronic or facsimile transmission of any signed original document, and retransmission of any signed facsimile transmission, shall be the same as delivery of an original. At the request of either party, the parties shall confirm facsimile transmitted signatures by signing an original document. This Section 7 shall not apply to any document that must be recorded.

7.7 **Applicable Law.** This Agreement will be construed, applied, and enforced in accordance with the laws of the state of Oregon.

7.8 **Time of Essence.** Seller and Buyer hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation, and provision.

8. **Statutory Warning.** THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301, AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301, AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

9. **If all obligations under this Agreement are not met by December 31, 2016, the County may terminate its obligations under this Agreement immediately upon notice to the other parties.**

Initial	Date
	9-22
_____	_____
_____	_____
_____	_____

IN WITNESS WHEREOF, the parties have executed this Agreement.

COLUMBIA COUNTY, OREGON

[Signature]
Scott T. Parker

Date: 9/12/16

By: [Signature]

Name: ANTHONY HYDE

Its: CHAIR

Date: 9/21/16

ROLL TIDE PROPERTIES CORP.

By: [Signature]

Name: Christopher M. TEWS

Its: Vice President

Date: 9/12/16

OREGON INSTITUTE OF TECHNOLOGY

By: [Signature]

Jay Kenton, Interim ~~Vice~~ President of Finance

Date: 9-12-16

EXHIBIT A

Legal Description of Parker Property

Parcel 1 of PARTITION PLAT NO. 2008-8, recorded March 31, 2008, Fee No. 2008-003173, in Columbia County, Oregon.

EXHIBIT B

Legal Description of OIT Property

That certain real property situated in Columbia County, Oregon, described as follows:

Parcel 1 and 2 of PARTITION PLAT NO. 2014-09, recorded on November 20, 2014, under Instrument No. 2014-007728, Records of Columbia County, Oregon, TOGETHER WITH an ~~80~~ 80 foot wide easement shown as Easement "A" and delineated over Parcel 3 of Partition Plat No. 2007-10.

Initial	Date
	8-22
_____	_____
_____	_____
_____	_____

TOGETHER WITH an easement for ingress and egress over that property as described in Amended Easement and Maintenance Agreement, recorded May 13, 2003, as instrument No. 03-07337, Records of Columbia County, Oregon.

TOGETHER WITH an easement for ingress and egress as set forth in Easement and Maintenance Agreement recorded April 25, 2007, as Instrument No. 2007-005570, records of Columbia County, Oregon.

EXHIBIT C
DEPICTION OF ACCESS AREA





Scott Parker
36352 Miloris Way
Columbia City, OR 97018
Sparker13@centurylink.net

RE: Loan ending in 148

Scott,

Regarding your request to release part of the collateral securing the above referenced loan St. Helens Community Federal Credit Union is willing to sign a partial release of the property located at 33485 E Crown Zellerbach Road, County of Columbia, and State of Oregon, as described in the attached "Property Donation Agreement". This partial reconveyance will be to allow you to donate a portion of said property to the Oregon Institute of Technology.

This partial reconveyance is approved without a principal reduction to the loan, due to the current loan to value ratio. This reconveyance will be executed without fees charged to the borrower, by the credit union. Other fees, such as recording and reconveyance fees to the title company may apply.

Upon the subject property being re-platted, St. Helens Community Federal Credit Union will need an updated legal description of the remaining collateral property, prior to partial reconveyance and modification of existing Deed of Trust.

Please contact me if you have any questions.

Sincerely,

Amberly Jo Carrico

Commercial Department Manager
St. Helens Community Credit Union
503-366-6866 | 800-275-6424
www.sthelenscu.org | shcu.org

Columbia County



Oregon

BOARD OF COMMISSIONERS

230 Strand Street, Rm 331, St. Helens, Oregon 97051-2096
Ph: 503-397-4322 • Fax 503-397-7243

Commissioner Anthony Hyde
Commissioner Henry Heimuller
Commissioner Earl Fisher
Jan Greenhalgh, Board Office Administrator

tony.hyde@co.columbia.or.us
henry.heimuller@co.columbia.or.us
earl.fisher@co.columbia.or.us
jan.greenhalgh@co.columbia.or.us

Date: September 22, 2016

To: Scott Paker
Christopher M. Tews, Roll Tide Properties, Corp.
Jay Kenton, Oregon Institute of Technology
Chuck Daughtry, Columbia County Economic Team
(Transmitted electronically)

From: Anthony Hyde, Chair, Board of County Commissioners

RE: Parker Property Donation Agreement

Enclosed please find the Property Donation Agreement between Scott Parker, Columbia County, OIT, and Roll Tide Properties. The County has signed the Agreement to allow the purchase and sale of the Roll Tide property to OIT to move forward. However, the County's approval is subject to the following necessary revisions:

- Paragraph 1.3, page 2. The revised text clarifies that the dedicated road will be subject to City standards because it is within the Urban Growth Boundary of the City of Scappoose.
- Paragraph 9, page 4. This revision adds a new paragraph that allows the County to terminate its obligations under the Agreement if the County does not meet those obligations by December 31, 2016. This revision is necessary because this Board of Commissioners cannot bind future Boards. The County will have a new Board of Commissioners on January 1, 2017, and to the extent that this Agreement binds that future Board, it is invalid. The revision clarifies that the future Board has the authority to terminate the County's obligations under the Agreement, if it so desires.
- Exhibit B, page B-1. To be consistent with Paragraph D, page 1, of the Agreement and to ensure that sufficient area is dedicated to meet the City's road standards, the legal description's reference to 50-foot width has been changed to 80 feet.

The revisions are shown in the Agreement in **bold** for added text and ~~strikethrough~~ for deleted text. Please initial and date those revisions. To prevent last-minute changes to future agreements/amendments, the County would appreciate an opportunity to review and comment on the agreement before it is signed by the other parties. If you have any questions or concerns, please feel free to contact me.

BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

By: _____
Anthony Hyde, Chair

Action

Agenda Item No. 3.2

Approval of Interim President Kenton's Goals

Preface:

Oregon Tech is a high quality institution with a curriculum that is perfectly aligned with workforce needs in the state and region. Our faculty work hard to teach applied concepts and prepare students for good-paying jobs or graduate studies. The institution has enjoyed strong enrollment demand for many years and is currently in a strong financial position. Administratively the institution has some challenges that include very centralized processes and controls ill-suited to delivering quality programs in diverse modalities and locations. Our physical facilities in Klamath Falls, largely constructed in the mid-1960's, are showing signs of deferred maintenance and wear. These items coupled with significant turnover in key leadership positions and a recently appointed inaugural Board of Trustees creates an ideal opportunity for renewal and refocus on the institution's core mission and goals.

The following goals are being reviewed with the Board for the newly appointed interim president during his tenure over the next 4-9 months.

Goal #1 – Continue to improve campus infrastructure via:

- Administrative processes and systems that foster trust and transparency and place decisions closer to their point of impact;
- Physical infrastructure that promotes best practices in pedagogy and a safe and attractive living and learning environment; and
- Support for new leadership and enhanced Board activities for improved effectiveness.

Goal #2 – Continue to promote and market Oregon Tech as a:

- High quality education provider;
- Rural Health, Oregon Manufacturing Innovation Center (OMIC) and economic development partner and catalyst; and
- Growing institution serving increasing State and Regional needs.

Goal #3 – Improve market analysis and responsiveness via:

- General education reform to better align that segment of the curriculum with societal and workforce expectations and needs promoting a culture of assessment and continuous improvement;
- New programs to address areas of societal or workforce needs and to grow the reputation of the institution; and
- Badging programs to address short term professional credentialing needs.

Goal #4 – Continue to improve campus diversity and outreach to under-represented groups through:

- Targeted student recruitment and retention activities;

- Continuing to build a more diverse faculty and staff with enhanced social and cultural awareness and sensitivity; and
- Partnerships with other advocates and educational providers to better reach and serve these audiences.

Goal #5 – Continue to invigorate faculty and build capacity for growth via:

- Competitive compensation systems and structures;
- Reasonable workload expectations with the ability to continue to expand capacity; and
- Support for local, state and regional economic development opportunities and activities.

Goal #6 – Prepare for 2017-19 Legislative session to ensure we have:

- An operating budget to sustain the institution and facilitate growth in key areas important to the State;
- A capital budget to expand capacity to grow and enhance the quality of education offered; and
- Enhanced advocacy.

Goal #7 – Continue to improve institutional planning and budget processes via:

- Enhanced transparency and inclusiveness to build trust;
- Greater clarity and focus on priorities and goals; and
- Improved tuition setting and other planning processes that ensure stakeholder awareness and involvement.

Goal #8 – Complete HECC Institutional Evaluation to include discussion of:

- Institutional effectiveness in meeting statewide goals;
- Board effectiveness in guiding the institution; and
- Consider the experience and lessons from the HECC evaluation process at the other public universities who went through this process last year.

Recommendation

Discuss and move to approve the President's Goals for the next 4-9 months.

Action

Agenda Item No. 3.3

Approval of Board Meeting Dates for 2017

Background

Section 1.4 of the Board Policy on the Conduct of Public Meetings requires the Board meet at least once quarterly and the Secretary to work with the board to generate a schedule of regular board meetings for at least one year in advance.

The Secretary worked with the President's Office and other university offices to identify potential Board dates for 2017. The Secretary identified potential meeting dates that would not conflict with major holidays, the President's schedule, and key periods during the academic year such as final exams, spring break, summer break, and winter break. The Oregon Tech Foundation Board dates were taken into consideration to identify an opportunity for a joint session of the Board of Trustees and the Foundation Board. Given all of the variables and to try and establish a routine, the Thursday and Friday of the fourth week of February, May, July, and October were identified as ideal periods for meetings to be held.

The Secretary proposes the following dates for the 2017 meetings:

Week of February 19-25	February 23 and 24	Regular and committee meetings
Week of May 21-27	May 25 and 26	Regular and committee meetings
Week of July 16-22	July 20 and 21	Retreat
Week of October 22-28	October 26 and 27	Regular and committee meetings
Week of December 3-9	December 7 and 8	Regular and committee meetings

Recommendation

Staff recommends the Board discuss and approve the 2017 meeting dates.