CENTRAL OREGON
community college

# *BUDGET COMMITTEE MEETING*

Wednesday, April 14, 2010
6:00 PM
Christiansen Board Room
Boyle Education Center

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## AGENDA

| | | Exhibit | Action | Presenter |
|---|---|---|---|---|
| I. | Call to Order | | | Garrett |
| II. | Introduction of Guests | | | Garrett |
| III. | Public Hearing and Testimony | | | Garrett |
| IV. | Minutes Approval | | | |
| | a. Budget Meeting – March 10, 2010 | 4.a | X | Smith |
| V. | 2010-11 Proposed Non-General Fund Budgets | | | Dona/Bloyer |
| VI. | 2010-11 Budget Questions/Comments | | | Dona |
| VII. | Budget Calendar, Next Meeting – *Wednesday, May 12, 2010 - 6:00 PM* Christiansen Board Room, Boyle Education Center | | | |
| VIII. | Adjourn | | | |

Central Oregon Community College
**BUDGET COMMITTEE MEETING**
**MINUTES**
Wednesday, March 10, 2010 - 6:21 PM
Christiansen Board Room-Boyle Education Center

**PRESENT:** Lester Friedman, Patricia Kearney, Evan Dickens, Joe Krenowicz, Gayle McConnell, Julianne Reed, Charley Miller, Connie Lee, John Overbay, David Ford, Donald Reeder, Ronald Bryant-Board Attorney, Dr. Kathy Walsh-Vice President for Instruction, Julie Smith-Executive Assistant.

**PRESENT**: Anthony Dorsch arrived at 6:40pm

**ABSENT:** Dr. Joyce Garrett, Steve Curran, John Overbay

**CALL TO ORDER:** Mr. Lester Friedman-Chair of the 2009-10 Budget Committee, called the meeting to order.

**INTRODUCTION OF GUESTS:**
Matt McCoy, Ron Paradis, Kevin Kimball, David Dona, Carol Moorehead, Jim Weaver, Gene Zinkgraf, Joe Viola, Alicia Moore, Lisa Bloyer, Mary Jeanne Kuhar, Diana Glenn, Leslie Minor-President Faculty Forum, Dan Cecchini, Eric Buckles, Terry Link and others.

**ELECTION OF CHAIR:**
**Mr. Charley Miller moved to re-elect Mr. Lester Friedman as Chair for the 2010-11 Budget Committee. Ms. Patricia Kearney seconded the motion. MCU. Approved.** 03/10:1

**2009-10 BUDGET MESSAGE & PowerPoint Budget Presentation: (Exhibit: 4)**
Dr. Kathy Walsh reviewed President Middleton's 2010-11 Budget Message and gave a PowerPoint Budget presentation, summarizing –

- Key budget considerations
- Fiscal reserves, and
- Board priorities.

**Tuition and Fee Information (Handout: 4.a)**
Mr. Kevin Kimball-Chief Financial Officer, reviewed PowerPoint presentation highlighting:

- Tuition challenges
- Comparable national and Oregon Community College tuition and fees for in-district
- Proposed tuition increase to be addressed by the College Board.

Even with the proposed in-district tuition increase of $4 – for the next academic year, COCC's combined in-district tuition and fee rates for 2010-11 remains the lowest in the State. COCC's dramatic enrollment growth has had many positive fiscal implications; yet this growth has required additional faculty, advising, student support, equipment/supplies and other expenses.

**REVENUE/EXPENSE PROJECTION: (Exhibit: 5 and Handout: 5.a)**
Mr. David Dona-Associate Chief Financial Officer, reviewed the PowerPoint presentation outlining the following:

- Current Year Budget Up-date
- Revenue/Expenditure Forecast
- Proposed General Fund Budget

2010-11 Assumptions:

→ Current Year property tax growth rate +3%
  Down from current year actual of +4.4%
→ Property Tax Collection rate: 90%
→ Prior Year Property Tax growth rate: +8%
→ In-district Tuition increase: +$4 (6%)
→ Out-of-District Tuition increase +5%
→ Enrollment increase +7%
→ Increase in staff positions +10.5%
→ Increase in health insurance +12%
→ Inflationary expenditure increase +1.75% - +3.5%
→ No disappropriation in 2009/11 Biennium CCSF / $450.5m current funding level.

**2010-11 PROPOSED GENERAL FUND BUDGET: (Exhibit: 6)**
Mr. Dona reviewed and defined the General Fund Budget as the primary operating budget. The General Fund Resources and Expenditures are listed below –
Resources:

❖ Property Taxes: $12,514,000
❖ Tuition & Fees: $16,287,000
❖ State Aid: $4,675,000
❖ Transfers-in from other funds: $600,000

Expenditures:

❖ Salaries: $18,012,906
❖ Payroll Assessments: $8,294,394
❖ Materials & Services: $5,501,375
❖ Capital Outlay: $436,717
❖ Transfers-out to other funds: $3,127,952

The General Fund is one of only two funds that receives property taxes.

**BUDGET CALENDAR:**
The next Budget Committee Meeting is scheduled for Wednesday, April 14, 2010 at 6:00 PM in the Christiansen Board Room, Boyle Education Center – Central Oregon Community College.

Chair Friedman adjourned the Budget Committee Meeting.

**ADJOURN: 7:35 PM**

| | |
|---|---|
| APPROVED; | ATTEST TO; |
| ______________________________ | ______________________________ |
| Dr. Joyce Garrett-Acting Chair<br>-Budget Committee | Dr. James E. Middleton,<br>President |

CENTRAL OREGON
COMMUNITY COLLEGE
Board of Directors' Meeting – AGENDA
Wednesday, April 14, 2010 – 7:00 PM
Christiansen Board Room, Boyle Education

| TIME** | | ITEM | ENC.* | ACTION | PRESENTER |
|---|---|---|---|---|---|
| 7:00 pm | I. | Call to Order | | | Garrett |
| 7:00 pm | II. | Introduction of Guests | | | Garrett |
| 7:05 pm | III | Agenda Changes | | | |
| 7:05 pm | IV. | Public Hearing and Testimony | | | |
| | | A. | | | |
| 7:10 pm | V. | Consent Agenda*** | | | |
| | | A. Minutes | | | |
| | | 1. Regular Meeting – March 10, 2010 | 5.a1 | X | Smith |
| | | 2. Special Board Meeting – April 5, 2010 | 5.a2 | X | |
| | | B. Personnel | | | |
| | | 1. New Hire Report (March 2010) | 5.b1 | X | Buckles[A] |
| | | C. | | | |
| 7:10 pm | VI. | Information Items | | | |
| | | A. Financial Statements | 6.a | | Bloyer[A] |
| | | B. Institutional Effectiveness, K-12 Partnerships | 6.b | | McCoy[A] |
| 7:15 pm | VII. | Old Business | | | |
| | | A. WSPI Development Agreement-Resolution | 7.a | X | McCoy P |
| | | 1. Development Agreement | 7.a1 | | |
| | | 2. Addendum #1 | 7.a2 | | |
| | | B. 2010-11 Tuition and Fee Rates | 7.b | X | Kimball P |
| | | 1. Graph & Comparison Chart | 7.b1 | | |
| 7:40 pm | VIII. | New Business | | | |
| | | A. Bond Authorization | 8.a | X | Kimball P |
| | | 1. Bond Resolution | 8.a1 | X | Kimball |
| | | 2. Bond Q&A | 8.a2 | | |
| | | B. 2010-11 Juniper Residence Hall Room and Board Rates | 8.b | X | Moore P |
| | | C. Contractor Prequalification | 8.c | X | Zinkgraf / Mosier P |
| | | D. Third-Party Sustainability Certification | 8.d | X | McCoy |
| 8:00 pm | IX. | Board of Directors' Operations | | | Garrett |
| | | A. Board Member Activities | | | |
| 8:15 pm | X. | President's Report | | | Middleton P |
| | | A. Updates | | | |
| | | B. Invitation to Convocation | | | |

XI. Dates

A. **Friday, May 7 at 5:15pm – Faculty Convocation**
Location: Bend Golf & Country Club

8:30 pm XII. Adjourn

* Material to be distributed at the meeting (as necessary).

** **Times** listed on the agenda are approximate to assist the Chair of the Board.

*** Confirmation of Consent Agenda items submitted by the President. Any item may be moved from the Consent Agenda to Old/New Business by a Board Member asking the Chair to consider the item separately.

P = indicates a Presentation will be provided. **A** = indicates the presenter is Available for background information if requested.

Central Oregon Community College
Board of Directors' Meeting
MINUTES
Wednesday, March 10, 2010- 6:00pm
Christiansen Board Room
Boyle Education Center

PRESENT: Charley Miller, Connie Lee, Donald Reeder, David Ford, Ronald Bryant-Board Attorney, Dr. Kathy Walsh-Vice President for Instruction, Julie Smith-Executive Assistant.
PRESENT: Anthony Dorsch arrived at 6:40 pm

ABSENT: John Overbay, Dr. Joyce Garrett

INTRODUCTION OF GUESTS: Lester Friedman- Patricia Kearney-Evan Dickens-Joe Krenowicz-Gayle McConnell-Julianne Reed/Budget Committee Members, Matt McCoy, Kathy Walsh, Gene Zinkgraf, Joe Viola, Alicia Moore, Ron Paradis, Kevin Kimball, Carol Moorehead, Shannon Turner, Lisa Bloyer, Eric Buckles, Leslie Minor-President, Faculty Forum, Ed Sea, Jim Ellis, David Dona, Diana Glenn, Mary Jeanne Kuhar, Joe Viola, Dan Cecchini, Jim Weaver, Terry Link, Sheila Miller from The Bulletin and others.

PUBLIC HEARING AND TESTIMONY:
Student Scholars – COCC Student Scholars Vanessa Morrell and Barbara Bellinger were introduced and shared their COCC experiences.
Both Barbara and Vanessa have been chosen for the 2010 Student Scholars through the Oregon Community College Association. With other outstanding students from Oregon Community colleges, they will be recognized at an April luncheon in Salem and meet with the governor.

Appointment-New Budget Committee Member-Zone 2 (Exhibit: 5.a)

Mr. Donald Reeder moved to approve the appointment of Julianne Reed to the Budget Committee for Zone 2. Connie Lee seconded. MCU. Approved M03/10:1

6:20pm – Adjourn – Regular Board of Directors' Meeting
6:21pm - Convene – Budget Committee Meeting
7:25pm – Adjourn – Budget Committee Meeting
7:30pm – Convene – Executive Session: ORS 192.660 (2) (b) Exempt Public Records
7:43pm – Adjourn – Executive Session
7:45pm – Re-Convene – Regular Board of Directors' Meeting

CONSENT AGENDA:

**Mr. Donald Reeder moved to approve the Consent Agenda (Exhibit: XI). Mr. Anthony Dorsch seconded the motion. MCU. Approved.** M03/10:2

BE IT RESOLVED that the Board of Directors' reviewed and approved the Meeting Minutes of the February 10, 2010-Executive and Regular Meeting (Exhibit: 11.a1 & a2);

BE IT RESOLVED that the Board of Directors' reviewed and approved the February 2010 New Hire Report (Exhibit: 11.b1);

BE IT RESOLVED that the Board of Directors' approved the employment contract for Gerald Schulz - Full-time Office operations Manager for Community Learning (Exhibit: 11.c);

BE IT RESOLVED that the Board of Directors' approve the promotion of the faculty as recommended by the Promotion Committee:
Assistant Professor I to Assistant Professor II Jacob Agatucci-Humanities, Theresa Freihoefer-Business Administration, John Miller-Aviation, Donna Raymond-Mathematics, Vicky Ryan-Emergency Medical Services
Assistant Professor II to Associate Professor Jane Morrow-Nursing
Associate Professor to Professor Michael Holtzclaw-Social Science, Tina Hovekamp-Library
(Exhibit: 11.d);

BE IT RESOLVED that the Board of Directors' grant tenure to Mr. James Knox, Mr. David liu, Mr. Ralph Phillips, and Ms. Mariko Shimizu (Exhibit: 11.e);

BE IT RESOLVED that the Board of Directors' was apprised of the Sabbaticals granted for Cora Agatucci, Lewis Cousineau, Karen Huck, and Jim Kress (Exhibit: 11.f);

BE IT RESOLVED that the Board of Directors' approved the Second Reading changes to Board Policies BPR 5: Appointment of Acting President and BPR 6: Order of Administrative Responsibility (Exhibit: 11.g);

BE IT RESOLVED that the Board of Directors' approves the amendment to the Veterans' Dependent/Spouse Tuition Waiver Program (Exhibit: 11.h).

**INFORMATION ITEMS:**

Financial Statements – (Exhibit: 12.a)
The Board of Directors' were apprised of the January 2010 Financial Statements.

Heather Grant Event – (Exhibit: 12.b)
The Board of Directors' were apprised of the Heather Grant Event.

Partnership to End Poverty and Professional Development Opportunity (Exhibit: 12.c)
Ms. Alicia Moore-Dean of Student & Enrollment Services reviewed that the Partnership to End Poverty has partnered with COCC on a variety of initiatives –

- Adult Basic Education
- Central Oregon 2-1-1
- Free Tax Preparation/Earned Income Tax Credit-EITC
- Bank on Central Oregon
- Volunteer Connect.

2010-11 Tuition and Fee Rates (Exhibit: 12.d)
Mr. Kevin Kimball-Chief Financial Officer, reviewed that at the December 2009 board retreat, the Board established a board priority to "develop and implement sustainable systems, which balance comprehensive quality programs and services with appropriate tuition and fee levels."
In order to meet the needs of the college's growing student population and make progress towards board priorities, the following 2010-11 tuition rates were proposed and will be voted on at the April 14 Regular Board of Directors' Meeting:

| | 2009-10 | 2010-11 |
|---|---|---|
| In-district | $ 66/cr. | $ 70/cr. |
| Out-of-district | $ 91/cr. | $ 96/cr. |
| Border State | $ 91/cr. | $ 96/cr. |
| Out-of-State | $186/cr. | $195/cr. |

**NEW BUSINESS:**

DegreeWorks – Contract (Exhibit: 14.a)
Ms. Alicia Moore-Dean of Students and Enrollment, reviewed that the proposed contract with SunGard Higher Education for the purchase of the DegreeWorks module and associated implementation consulting services – includes the cost of the software, consulting time and training for staff on how to code complex certificate and degree requirements.

**Mr. David Ford moved to give Dr. James Middleton, or his designee, authorization to approve the proposed DegreeWorks contract with SunGard Higher Education. Ms. Connie Lee seconded. MCU. Approved.** M03:10/3

**BOARD OF DIRECTORS' OPERATIONS:**

Board Member Activities

**Mr. Miller** Attended the COCC Foundation's "Meal of the Year"
Meeting w/Becky Johnson- OSU-Cascades Vice President
Meeting re: Presidential Contract

**Mr. Ford** Attended the COCC Foundation's "Meal of the Year"

**Ms. Lee** Attended COCC Foundation's " Meal of the Year"
Meeting re: Presidential Contract

**Mr. Dorsch** Phone Calls w/Ron Paradis and Matt McCoy

**Mr. Reeder** Real Estate Committee Meeting – Bend
Oregon Open Campus Meetings in Madras
Met w/Congressman Greg Walden
Phone Call w/Matt McCoy re: Grant for Madras Campus
Phone Call w/President Middleton
Mr. Reeder requested to hold the monthly meeting in Prineville, sometime in the next few months
Mr. Reeder requested that a condolence letter be sent to the Ben Westlund family "Ben was a good friend to the college"
(Julie Smith-Executive Assistant, will mail out letter on behalf of the Board)

**PRESIDENT'S REPORT:**

COCC Foundation – "Taste of the Town" and "Meal of the Year"
Mr. Jim Weaver-Executive Director, thanked the Board members who attended this years "Meal of the Year" event.
Mr. Weaver was pleased to report that both events were a big success with the net result of $198,000. - $5,000 more than last year.
Mr. Weaver ended with -

We build on foundations we did not lay.
We warm ourselves at fires we did not light.
We sit in the shade of trees we did not plant.
We drink from wells we did not dig.
We profit from persons we did not know.
We are forever bound in community.
--Adapted from the Hebrew Scriptures

**Adjourn to Executive Session: 8:35 PM**

**Executive Session: ORS 192.660 (1)(d) Labor Negotiations**

**Adjourn Executive Session: 9:00 PM**

APPROVED; ATTEST TO;

_______________________________ _______________________________
Dr. Joyce Lynn Garrett, Board Chair Dr. James E. Middleton, President

Exhibit: 5.a2
April 14, 2010

# CENTRAL OREGON COMMUNITY COLLEGE
## Board of Directors' Special Meeting –
## Monday, April 5, 2010 – 5:00 PM
Max Merrill Conference Room –
COCC Barber Library

**PRESENT**: Dr. Joyce Garrett, Charley Miller, Connie Lee, David Ford, John Overbay, Dr. James Middleton-President, Julie Smith-Executive Assistant.

**PRESENT BY PHONE:** Donald Reeder

**ABSENT**: Anthony Dorsch

**GUESTS:** Matt McCoy, Ron Paradis

**NEW BUSINESS:**

Architectural Services for Mazama - Classroom/Office Addition Project (Exhibit: 4.a)
Mr. Gene Zinkgraf-Director of Campus Services, reviewed that as part of the 2009/2011 Legislative Package, COCC received $1.2 million for six classrooms to be constructed on the Awbrey Butte Campus. Five of these classrooms will be constructed as an addition to the Mazama Building; the sixth classroom will be included in the Culinary Building Project. The Mazama Building addition will include faculty offices as well as an elevator.

Seven architect proposals were received for the project. The evaluation committee scored each proposal, chose finalists and interviewed four firms. At the conclusion, the evaluation committee ranked BBT Architects of Bend, Oregon as the best responsive proposal.

**Mr. David Ford moved to authorize President Middleton or his designee to sign a contract for Architectural Services with BBT Architects of Bend, Oregon for the Mazama Addition Project. Ms. Connie Lee seconded. MCU. Approved.**

Adjourn: 5:10pm

APPROVED; ATTEST TO;

_______________________________ _______________________________
Dr. Joyce Lynn Garrett, Board Chair Dr. James E. Middleton, President

Exhibit 6.a
April 14, 2010

Central Oregon Community College
Monthly Budget Status
**Highlights of February 2010 Financial Statements**

## Cash and Investment

Cash and investment balances are stable at $28.7 million. The February average yield is .55%, which is a decrease from the prior month's yield of .618%.

## General Fund Revenues

Registration for spring term started on February 26 resulting in additional tuition and fee revenue of $3.4 million as compared to the January reporting period. The transfer of $67,000 from the Summer Term fund and $250,000 from the PERS Reserve fund have been delayed pending a review of operating results later in the year. The current year budget percentages for year to date revenues reflect the effects of the supplemental budget changes, which increased revenues related to enrollment growth.

## General Fund Expenses

The financial statements reflect all necessary inter-fund transfers. The current year budget percentages for year to date expenditures reflect the effects of the supplemental budget changes, which increased expenses related to enrollment growth.

## Budget Compliance

The budget includes the Supplemental Budget changes approved by the Board at the December meeting. All appropriation categories are within budget.

**Central Oregon Community College**

**Monthly Budget Status**

**February 2010**

Exhibit 6.a

14-Apr-10

| **General Fund** | **Adopted Budget** | **Year to Date Activity** | **Variance Favorable (Unfavorable)** | **Percent of Budget** | **Percent of Prior Year Budget** |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| District Property Taxes: | | | | | |
| Current Taxes | $ 11,576,000 | $ 10,414,456 | $ (1,161,544) | 89.97% | 85.83% |
| Prior Taxes | 557,000 | 625,205 | 68,205 | 112.25% | 131.62% |
| Tuition and fees | 13,596,782 | 12,977,700 | (619,082) | 95.45% | 104.58% |
| State Aid | 3,509,000 | 2,958,816 | (550,184) | 84.32% | 71.51% |
| Interest & Misc. Income | 125,000 | 10,841 | (114,159) | 8.67% | 28.18% |
| Transfer-In | 567,000 | 250,000 | (317,000) | 44.09% | 100.00% |
| **Total Revenues** | **$ 29,930,782** | **$ 27,237,018** | **$ (2,693,764)** | | |
| **Expenses by Function** | | | | | |
| Instruction | $ 14,011,014 | $ 8,146,362 | $ 5,864,652 | 58.14% | 60.94% |
| Academic Support | 2,383,324 | 1,152,371 | 1,230,953 | 48.35% | 62.36% |
| Student Services | 2,994,613 | 1,849,251 | 1,145,362 | 61.75% | 61.50% |
| College Support | 3,829,841 | 2,588,625 | 1,241,216 | 67.59% | 65.81% |
| Plant Operations and Maintenance | 2,748,400 | 1,705,002 | 1,043,398 | 62.04% | 69.99% |
| Information Technology | 1,940,072 | 1,273,619 | 666,453 | 65.65% | 64.22% |
| Financial Aid | 11,385 | 10,656 | 729 | 93.60% | 61.81% |
| Contingency | 800,000 | - | 800,000 | 0.00% | 0.00% |
| Transfers Out | 2,791,154 | 2,791,154 | - | 100.00% | 100.00% |
| **Total Expenses** | **$ 31,509,803** | **$ 19,517,040** | **$ 11,992,763** | | |
| **Revenues Over/(Under) Expenses** | **$ (1,579,021)** | **$ 7,719,978** | **$ 9,298,999** | | |

**Central Oregon Community College**
**Monthly Budget Status**
**February 2010**

Exhibit 6.a
14-Apr-10

| | Adopted Budget | Year to Date Activity | Variance Favorable (Unfavorable) | Percent of Budget | Percent of Prior Year Budget |
|---|---|---|---|---|---|
| **Other funds:** | | | | | |
| **Debt Service Fund** | | | | | |
| Revenues | $ 1,621,953 | $ 1,263,760 | $ (358,193) | 77.92% | 83.09% |
| Expenses | 1,632,066 | 1,162,950 | 469,116 | 71.26% | 35.47% |
| **Revenues Over/(Under) Expenses** | $ (10,113) | $ 100,810 | $ 110,923 | | |
| **Grants and Contracts Fund** | | | | | |
| Revenues | $ 2,046,273 | $ 564,911 | $ (1,481,362) | 27.61% | 30.28% |
| Expenses | 2,036,203 | 820,565 | 1,215,638 | 40.30% | 37.32% |
| **Revenues Over/(Under) Expenses** | $ 10,070 | $ (255,654) | $ (265,724) | | |
| **Capital Projects Fund** | | | | | |
| Revenues | $ 12,314,690 | $ 7,308,322 | $ (5,006,368) | 59.35% | 56.99% |
| Expenses | 15,693,199 | 6,757,911 | 8,935,288 | 43.06% | 46.00% |
| **Revenues Over/(Under) Expenses** | $ (3,378,509) | $ 550,411 | $ 3,928,920 | | |
| **Enterprise Fund** | | | | | |
| Revenues | $ 4,619,653 | $ 3,081,764 | $ (1,537,889) | 66.71% | 66.58% |
| Expenses | 4,229,322 | 2,794,519 | 1,434,803 | 66.07% | 65.01% |
| **Revenues Over/(Under) Expenses** | $ 390,331 | $ 287,245 | $ (103,086) | | |
| **Auxiliary Fund** | | | | | |
| Revenues | $ 6,332,113 | $ 4,188,871 | $ (2,143,242) | 66.15% | 68.33% |
| Expenses | 7,049,900 | 4,389,491 | 2,660,409 | 62.26% | 59.99% |
| **Revenues Over/(Under) Expenses** | $ (717,787) | $ (200,620) | $ 517,167 | | |
| **Reserve Fund** | | | | | |
| Revenues | $ 49,565 | $ - | $ (49,565) | 0.00% | 0.00% |
| Expenses | 702,650 | 327,202 | 375,448 | 46.57% | 71.48% |
| **Revenues Over/(Under) Expenses** | $ (653,085) | $ (327,202) | $ 325,883 | | |
| **Financial Aid Fund** | | | | | |
| Revenues | $ 16,587,366 | $ 10,710,683 | $ (5,876,683) | 64.57% | 96.93% |
| Expenses | 16,634,430 | 11,105,049 | 5,529,381 | 66.76% | 101.32% |
| **Revenues Over/(Under) Expenses** | $ (47,064) | $ (394,366) | $ (347,302) | | |
| **Internal Service Fund** | | | | | |
| Revenues | $ 314,838 | $ 227,937 | $ (86,901) | 72.40% | 39.97% |
| Expenses | 291,317 | 159,670 | 131,647 | 54.81% | 55.54% |
| **Revenues Over/(Under) Expenses** | $ 23,521 | $ 68,267 | $ 44,746 | | |
| **Trust and Agency Fund** | | | | | |
| Revenues | $ 7,719 | $ 1,853 | $ (5,866) | 24.01% | 44.68% |
| Expenses | 17,500 | 3,668 | 13,832 | 20.96% | 49.99% |
| Revenues Over/(Under) Expenses | $ (9,781) | $ (1,815) | $ 7,966 | | |

**Central Oregon Community College**

Exhibit 6.a
April 14, 2010

**Cash and Investment Report**
**As of February 28, 2010**

**College Portfolio**

| | | | |
|---|---|---|---|
| **Cash in State Investment Pool** | | | |
| | Pool account 4089 | $27,224,819.25 | |
| | Pool account 5482 | $330,169.76 | |
| | Pool account 3624 | $394,240.76 | |
| | Pool account 3707 | $188,685.59 | |
| | February Average Yield .55% | | |
| **Cash in USNB** | | $568,605.51 | |
| **Cash on hand** | | $3,900.00 | |
| | Total Cash | | $28,710,420.87 |

**BOARD PRIORITY**

**Access and Success** – Strengthen student and community access to educational opportunity and success

**METHOD**

**By continuing progress with K-12 partners**

**MEASUREMENT**

- ✓ **Which high schools are offering courses for COCC college credit?**
- ✓ **Are high school students taking advantage of COCC credit offerings?**
- ✓ **Do high school students who take a COCC credit class go on to college after graduation?**
- ✓ **Additional COCC / K-12 Partnerships**

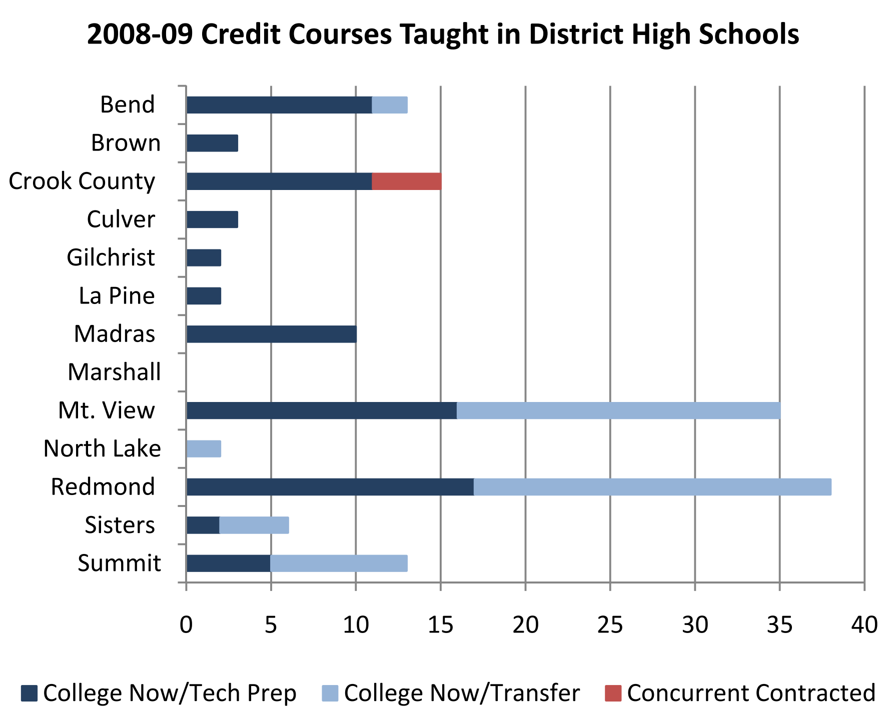
**TARGET**

Targets are emerging through work on the Institutional Strategic/Comprehensive Plan, the Strategic Enrollment Management Plan and Instructional Planning and will be incorporated into the Institutional Effectiveness reports as they develop.

## COCC STRATEGY & PROGRESS

To achieve targeted progress with student access and success, the Board believes that strategic partnerships will be increasingly important. When it comes to K-12, COCC partners with regional school districts, High Desert Education Service District (High Desert ESD) and community agencies to provide educational opportunities at many levels: students participating in Adult Basic Education, students earning their high school diploma or GED, and high school students earning college credit while still in high school through COCC's College Now and Concurrent offerings.

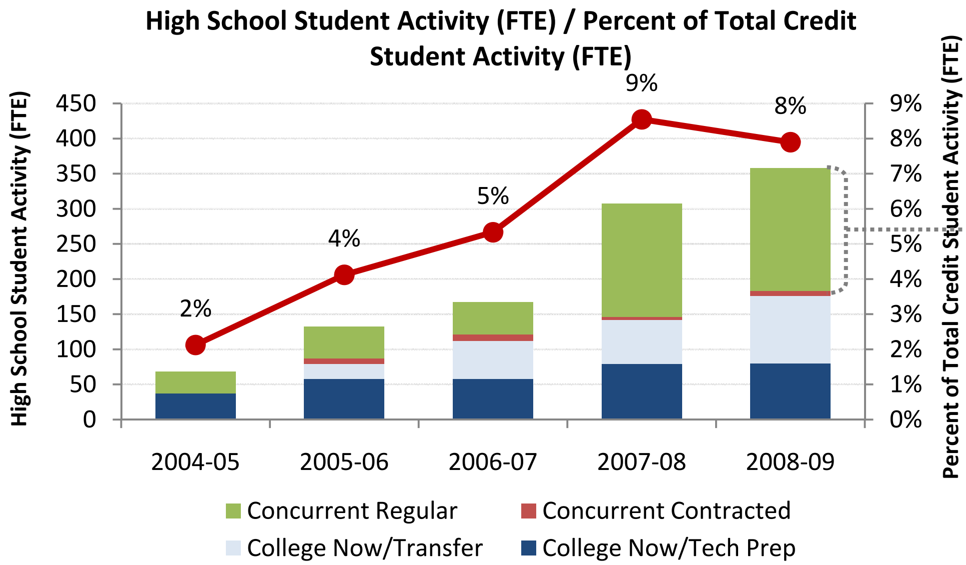
### ✓ Which high schools are offering courses for COCC college credit?




- 82 **College Now/Tech Prep**
  *Career Technical Education (CTE) courses offered in the high school and taught by high school instructors*
- 56 **College Now/Transfer**
  *General education courses offered in the high school and taught by high school instructors*
- 4 **Concurrent Contracted**
  *General education courses offered in the high school and taught by COCC instructors – high schools contract with COCC*

*Note: Regular Concurrent courses are not included here as they are not taught in the high schools.*

## ✓ Are high school students taking advantage of COCC credit offerings?




**Yes**…

Since 2005-06, high school student activity (FTE) in COCC credit courses has grown:

- 39% - CN/Tech Prep
- 350% - CN/Transfer
- 287% - Concurrent Regular

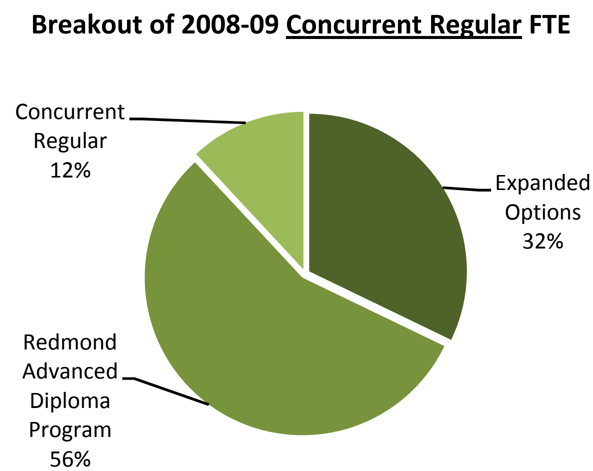
From 2007-08 to 2008-09, overall FTE generated by high school students grew by 16%. The percent of total credit FTE went down 1% due to the large increase in total credit FTE.

**Concurrent Regular**

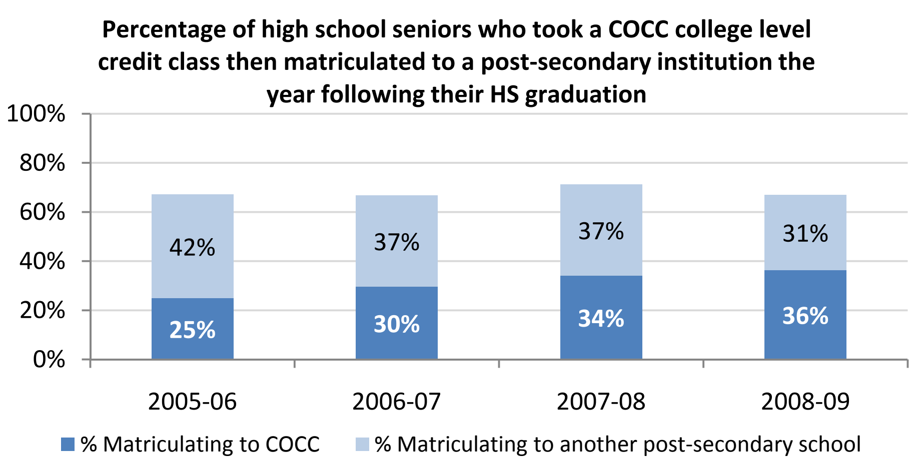
*High school students enrolling in traditional credit courses offered at COCC and taught by COCC instructors.*

This option continues to produce the most FTE thanks to the *Expanded Options* and *Advanced Diploma* programs:

- **32% Expanded Options:**
  *Expanded Options provides eligible high school juniors and seniors the opportunity to take post-secondary classes at COCC, paid for by their school district.*
- **56% Advanced Diploma:**
  *Advanced Diploma grew out of Expanded Options and offers Redmond High School graduating seniors the opportunity to earn an "Advanced Diploma" after completing a minimum of 27 college credits.*




## ✓ Do high school students who take a COCC credit class go on to college after graduation?




**Yes**… since 2005-06, the percentage of high school seniors who earned college credit and matriculated to COCC or other post-secondary school after graduation has remained fairly constant at 67%.

The percentage of students matriculating specifically to COCC has increased from 25% to 36%.

### ✓ Additional COCC / K-12 Partnerships

COCC's Adult Basic Education/College Prep program continued to expand enrollment in 2008-09 aided by the College's decision to maintain the financial support initially provided in 2007-08 by the Partnership to End Poverty. This allowed the program to increase its FTE by 50 in 2008-2009. The ABE/CP partners with the High Desert ESD to offer child care for two English Language Learning (ELL) classes in Redmond and one in Bend.

The Redmond School District included ABE/CP in its 21st Century Schools grant and is providing the program with funds to offer an additional ELL class in Redmond. Both the Redmond and Bend school districts provide homework club activities for the older children of ELL students.

Spring 2009, a similar class was offered to parents of the Culver School District with childcare and homework club provided at Culver school.

In addition, ABE/CP works with Central Oregon Intergovernmental Council (COIC) and NorthStar Center in Bend to offer the Adult High School Diploma program to students who would prefer to earn a COCC high school diploma instead of their home high school diploma. In 2008-09, 28 students from these two agencies earned COCC high school diplomas.

The ABE/CP High School Courses program partners with school districts across the district to provide online high school courses which allow students to recover credits and graduate with their class or accumulate credits and graduate early. In 2008-09, 12 students participated in this program.

## WHAT NEEDS TO BE DONE

Beginning spring 2010, the Strategic Enrollment Management (SEM) Coordinating Team will convene a task force to research and develop strategies to help ensure high school students who participate in COCC courses will succeed at rates equal to their college counterparts. The most promising strategies will be recommended to the SEM Coordinating Team and eventually the Executive Team for possible funding and implementation. The intent of this process is to best serve these students in innovative and successful ways in order to promote academic excellence and increase post-secondary attendance.

## FACTORS AFFECTING RESULTS / PROGRESS

The *Expanded Options*, as well as the *Redmond Advanced Diploma* program - which grew out of *Expanded Options* - is a legislated program (SB300). As such, there is the potential for significant revisions which may or may not impact enrollment. Up to this point, the *Redmond Advanced Diploma* program has been immensely popular. RHS counselors are targeting students who most likely would not be pursuing post-secondary opportunities. COCC has designed specific resources and student services to support participants including pre-enrollment workshops for students and parents, new student advising sessions exclusively for Advanced Diploma students, and a year-round communication plan to ensure students are aware of the resources available to them. Establishing and supporting specific resources has contributed to the success of this program.

## ABOUT THE DATA

The report and chart information was prepared by Chris Egertson, Research Analyst, and coordinated by Brynn Pierce, Institutional Research.

Contributions to the narrative supplied by Carol Moorehead, Dean of Continuing Education and Extended Learning; Aimee Metcalf, Director of Admissions and Records; Alicia Moore, Dean of Student & Enrollment Services; and Matt McCoy, Vice President for Administration.

For more detailed information, contact the Institutional Research office – ir@cocc.edu

Exhibit No. 7.a.
Date: April 14, 2010
Approval____Yes_____No
Motion________________

Central Oregon Community College
**RESOLUTION**

Prepared by: Matthew J. McCoy, Vice President for Administration

**A. Action Under Consideration**

Authorize the President or his designee to enter into the Development Agreement and Addendum with William Smith Properties Inc. (WSPI) for the development of College property located at the intersection of Mt. Washington and Shevlin Park Road.

**B. Discussion/History**

The Board has directed staff and legal counsel to prepare an agreement with WSPI to develop approximately 55 acres of College property at the intersection of Mt. Washington and Shevlin Park Road. The property is part of the College Awbrey Butte Campus. Through this agreement COCC seeks to foster an innovative mixed-use area for academic, social, residential, retail, and commercial uses that are accessible to students, faculty, staff and surrounding neighbors on lands that will continue to be owned by the College. Long term revenue from the development will serve as an alternative source of funds for the College.

The Development Agreement and Addendum has been reviewed by the Board and would authorize WSPI to proceed with planning and development of COCC property in accordance with the terms and conditions of the Agreement.

**C. Options/Analysis**

Approve the President or his designee to enter into the Development Agreement and Addendum with WSPI for the development of College property located at the intersection of Mt. Washington and Shevlin Park Road.

Decline approval.

**D. Timing**

Authorizing entering into the agreement will enable the planning and development of the College property to proceed in a timely manner.

**E. Recommendation**

Be it resolved that the Board authorize the President or his designee to enter into the Development Agreement and Addendum with William Smith Properties Inc.

**F. Budget Impact**

Entering into the Development Agreement does not have direct budget impact. Activities stemming from the Agreement are intended to have long range positive impact on the budget and will require investment funding with review and/or approval by the Board or Board Real Estate Committee.

## DEVELOPMENT AGREEMENT

This Agreement is by and between CENTRAL OREGON COMMUNITY COLLEGE, a community college organized under the laws of the State of Oregon, hereinafter referred to as "COCC", and WILLIAM SMITH PROPERTIES, INC., an Oregon corporation, hereinafter referred to as "WSPI."

**W I T N E S S E T H:**

**Whereas**, COCC is the owner of land in the City of Bend, Oregon, consisting of approximately 201 acres in size. Of that, COCC now utilizes for its main campus approximately 134 acres; and

**Whereas,** COCC desires to have three parcels of land located at the intersection of Mt. Washington Drive and Shevlin Park Road developed. Those parcels include the land at the southwest corner of the intersection, which comprises approximately 12 acres; land located at the southeast corner of the intersection comprising approximately 3 acres and the Campus Village Area in the northeast corner of the intersection comprising approximately 40 acres ("Campus Village Area"). A map describing the general location of the parcels is attached as Exhibit A (collectively referred to as "the Properties"); and

**Whereas,** the City of Bend has zoned the 12 acre parcel RS and the 3 acre parcel RM and approved a re-zone of the Campus Village Area from RS (standard density/residential) to PF (public facility) with a special plan district overlay zone; and

**Whereas,** the purpose of this Agreement is to assure quality development for the Properties that will be compatible with COCC, generate an income stream for COCC to support COCC's educational mission; and to provide a reasonable return of investment for WSPI; and

**Whereas,** WSPI has experience developing commercial and residential properties in the City of Bend. WSPI agrees to provide commercially reasonable efforts to ensure that the development of master plans for the properties will meet COCC's needs, as well as ensuring quality development for the Properties; and

**Whereas,** the parties acknowledge and agree that it is currently difficult to predict the precise nature in which the Properties will be developed. Because of that difficulty, the relationship between COCC and WSPI is anticipated to be a dynamic one going into the future; and

**Whereas,** this Agreement sets out a general framework within which development of these properties can be responsive to changing economic and market conditions, while retaining a strong measure of control for the development of these Properties with COCC and the parties do agree and acknowledge that certain benchmarks should be established so that if those benchmarks are not met either party may, upon reasonable notice, terminate this Agreement as provided for in paragraph 22.

## A G R E E M E N T

**NOW THEREFORE,** BASED UPON THE FOREGOING RECITALS AND THE TERMS AND CONDITIONS SET FORTH HEREIN, THE PARTIES AGREE AS FOLLOWS:

**1. Development.** COCC and WSPI agree to enter into this Agreement for the development of the Properties described as follows:

a. A portion of Tax Lot 1000 south of the Pacific Power power line easement comprising approximately 40 acres located on the northeast corner of Mt. Washington Drive and Shevlin Park Road (the Campus Village Area) (Exhibit A-1). It is anticipated that the area closest to the intersection of Mt. Washington Drive and Shevlin Park Road will be developed with office and retail buildings (including the College Culinary Institute). It is anticipated a residential buffer may be developed along the south and east side of the parcel.

b. A portion of Tax Lot 2200 comprising approximately 12 acres of land located at the southwest corner of Mt. Washington Drive and Shevlin Park Road (Exhibit A-2). Unless agreed to otherwise by the parties, this property shall be developed with single family residential dwellings on the east, west and south portions of this parcel and approximately 4 acres of land held for future commercial development near the intersection of Mt. Washington Drive and Shevlin Park Road. The housing component on this tax lot may contain COCC-sponsored housing, as well as housing for the general public. COCC's participation in the housing component may include setting rental rates for College related uses and collecting ground lease income.

c. A portion of Tax Lot 2200 comprising approximately 3 acres is located on the southeast corner of Mt. Washington Drive and Shevlin Park Road (Exhibit A-3). Unless agreed otherwise by the parties, this property will be developed with multi-family dwellings. The housing component on this tax lot may contain COCC-sponsored housing, as well as housing for the general public. COCC's participation in the housing component may include setting rental rates for college-related uses and collecting ground lease income.

**2. Term.** The term of this Agreement shall be a minimum five (5) years, and at a maximum fifty (50) years unless otherwise agreed to by the parties in writing. Individual leases may have terms that exceed this time frame. The term of this Agreement, however, shall be subject to compliance with benchmarks for planning and development of the Properties by WSPI. Those benchmarks are as follows:

a. Campus Village Area. A development plan for the first phase of the 40-acre parcel (the Campus Village Area) has been developed and submitted to COCC for approval. The development plan is conceptual and describes the overall plan for development of this area. A copy of the plan is attached as Exhibit B.

Phase One:

The parties agree that the first phase of development shall be the construction of infrastructure and buildings to accommodate office and retail uses in the Campus Village Area, including the construction of the Culinary Institute (See Exhibit B-1). Phase One shall consist of approximately 15 acres. The parties anticipate and expect that on or before December 31, 2010 the infrastructure (e.g. roads, sewer, water and utilities) shall be constructed north from Shevlin Park Road and east from Mt. Washington Drive to the round-about located just east of the proposed site of the Culinary Institute. WSPI shall cause the design and construction of these roadways. COCC shall be responsible for the costs of construction of the infrastructure from Mt. Washington Drive to and including the round-about east of the Culinary Institute, then from the round-about south to Shevlin Park Road.

The parties anticipate that there will be a build out of the leased parcels on Phase One on or before December 31, 2019.

Phase Two:

Phase Two of the Campus Village Area shall consist of approximately 25 acres of land (See Exhibit B-2). Design Standards for residential construction in this area shall take into account conversion to COCC use. WSPI agrees to provide a development plan for Phase Two by December 31, 2013 with implementation of the plan to begin by December 31, 2015.

b. Tax Lot 2200. "Low Density Residential/Neighborhood Commercial Area." These 12 acres will be developed for single family, residential and commercial uses. On or before December 31, 2010, WSPI shall submit a development plan to COCC for approval. The parties expect that this property will be developed into residential and commercial uses beginning within three (3) years from the date of this Agreement with the residential component and infrastructure completed by December 31, 2019. Development of the commercial area will be market driven.

c. Tax Lot 2200. "High Density Residential Area." The parties expect that this parcel will be developed with multi-family dwelling units. On or before December 31, 2012, WSPI shall submit to COCC an acceptable development plan for this parcel. On or before December 31, 2015, WSPI shall, either itself or in conjunction with other parties, construct at least fifty percent (50%) of the potential multi-family dwelling units on this parcel. On or before December 31, 2019, WSPI shall either, itself or in conjunction with other parties, construct the remaining fifty percent (50%) of the potential multi-family dwelling units on this parcel.

If it appears that the benchmarks described in this Agreement cannot be met, the parties agree to negotiate in good faith an amendment to those benchmark dates, taking into account market conditions, planning considerations and other relevant factors. If an adjustment to the benchmarks is agreed upon, those amendments shall be evidenced in writing and executed by the parties.

**3. Development Plans.** The parties agree that they will work cooperatively on the drafting and continued refinement of the development plan for each of the parcels comprising the Properties subject to this Agreement. The initial development plan for each parcel shall include the following:

a. The preliminary engineering plans for all infrastructure including roads, water, sewer, and other utilities (e.g., power, gas, cable, etc.);

b. The general location of all proposed buildings including preliminary architectural scheme for the proposed buildings;

c. The proposed parking areas;

d. The proposed landscaped areas;

e. Plans for bicycle and pedestrian circulation;

f. The anticipated financial cost for development of both the infrastructure and buildings; and

g. Proposed schedule for development.

All development plans shall be consistent with the zoning for the Properties approved by the City of Bend, together with any circulation and infrastructure (e.g. sewer and water) plans previously approved.

The development plans shall be reviewed and updated at a minimum every two (2) years, or as otherwise agreed between the parties.

**4. Culinary Institute.** COCC intends to construct the Culinary Institute in the space described in the plan for the Campus Village Area attached hereto as Exhibit B-1. COCC shall also pay for the construction of the infrastructure (streets, sewer, water, utilities) from Mt.

Washington Drive to the Culinary Institute building site and from the Culinary Institute east to a round-about and south to Shevlin Park Road. The costs incurred by COCC in extending the infrastructure shall be considered unreimbursed costs by COCC. These unreimbursed costs shall be subject to the provisions of Addendum No. 1 to this Agreement.

**5. Uses.** The uses to be developed on the Properties shall be consistent with the zoning on the Properties. However, COCC reserves the right to withhold consent for any particular use if said use would be incompatible with the educational mission of COCC.

**6. Design Review**. Any development on the Properties subject to this Agreement shall be required to obtain design review approval first by the Design Review Committee (DRC) established by COCC and WSPI, then by the City of Bend. The DRC shall consist of no less than three and no more than five members. The majority of the members shall be appointed by COCC. The remainder shall be appointed by WSPI.

The DRC may consider the prospective conversion of buildings to a college-related use in approving or disapproving a particular design.

**7. Initial Appraisal**. The initial appraised value for the property within the Campus Village Area has been completed by Bratton Appraisal Group, Inc. The appraisal shall become part of Addendum No. 1 to this Agreement.

**8. Lease of Land.** It is anticipated that WSPI or third parties will lease land for development of the commercial (mixed use), multi-family development as well as single-family dwellings. WSPI agrees to provide notice to COCC in writing of its intent to lease a particular parcel. WSPI agrees to provide said notice at least 30 days prior to the anticipated date of a lease agreement unless there are exigent circumstances requiring a lesser time. The notice shall describe the approximate size of the building and lease parcel, the tenant or tenants to be placed on the premises and a description of the proposed uses. Unless otherwise justified and agreed upon by the parties hereto, each lease shall be for the square footage of the building space, multiplied by a factor of four (4x) times to account for required landscaping and parking areas which shall be designated as common areas (e.g. a 2000 square foot building will use a "lease area" factor of 8000 square feet). The base rent payments shall be based upon eight percent (8%) of the fair market value ("FMV") of the "lease area." If the parties cannot agree on a FMV, the FMV shall be established by appraisal in accordance with Section 45. The term of the lease shall be a time sufficient to meet the requirements of a lender. Typically the initial lease period shall be consistent with the loan period plus an additional ten (10) to fifteen (15) years. The overall lease term will be between 40 years and 60 years, unless agreed to otherwise by the parties. A general form of lease agreement is attached hereto as Exhibit C. This form shall be revised as necessary by the particular requirements of each lease transaction.

In addition to the land lease base rent, the parties agree to establish an enhanced lease revenue requirement. That requirement shall be set forth in each lease agreement. The formula for said requirement is further described in Addendum No. 1 to this Agreement.

**9. Development of Building Spaces by Third Parties or by COCC.**

a. COCC shall have the right to construct building(s) on lots within the Campus Village Area, other than the Culinary Institute.

b. If COCC constructs a building and leases it for non-college purposes, COCC agrees to reimburse WSPI for:

(i) one-half of any increase in the value of the lot from the value established as of January 1, 2010 of the building space over and above the current market value of the parcel together with any increase in that market value over and above the general market conditions in Bend. That is, any additional appreciation caused by the activities of WSPI shall be accounted for and one-half of that excess appreciation shall be paid to WSPI. If the parties cannot agree upon this increased value, that value shall be established as described in Sections 43 to 45.

(ii) Any unreimbursed costs appurtenant to said lot; and

c. If COCC desires to construct a building for college purposes, COCC shall only pay any unreimbursed costs appurtenant to said lot.

d. If a third party desires to construct a building on a leased parcel within the Campus Village Area, said developer shall be encouraged to first enter into an agreement with WSPI. If such agreement is not obtained within a reasonable time, WSPI agrees that COCC may make said parcel available to the third party developer for lease based upon the following conditions:

(i) Prior to making the land available to a third party , COCC has not received a written notice from WSPI that WSPI will be leasing said parcel;

(ii) The use is consistent with the Development Plan for the Campus Village Area;

(iii) The third party pays to WSPI and COCC any increase in the value of the lot from the value established as of January 1, 2010 over and above the appreciation based upon the general market appreciation in Bend, Oregon from January 1, 2010 to the date of the new lease;

(iv) Any extension of infrastructure to the building site is coordinated with WSPI and shall meet the standards for infrastructure development pertaining to the remainder of the Campus Village Area, including the size of utilities, specifications for roads, pedestrian paths and adherent to the design requirements of the Campus Village Area; and.

(v) The third-party shall pay to WSPI or COCC any unreimbursed costs as required by the reimbursement fee policy described in Addendum No. 1 to this Agreement.

e. The fees required to be paid to WSPI for unreimbursed costs apportioned to the parcel shall be paid in full prior to the beginning date of the lease or on terms which may be agreeable to the parties. Any increased value fee shall be paid in accordance with Section 23(f).

**10. Unreimbursed Costs.** The parties agree to establish a reimbursement policy for unreimbursed costs related to infrastructure costs paid by the parties to this Agreement. Those unreimbursed costs shall be reimbursed to the parties on an allocated basis for the leased parcels. The methodology for the calculation of the unreimbursed fees as well as the reimbursement policy, is described in Addendum No. 1 to this Agreement.

The purpose of this policy will be to reimburse either WSPI or COCC for infrastructure costs incurred by either party that fall within the category of unreimbursed costs as defined herein and in Addendum No. 1 to this Agreement. The date said costs are incurred is the date those infrastructure improvements are completed and accepted by the City of Bend.

The parties agree to establish the unreimbursed cost schedule on an annual basis in conjunction with the annual report described in Section 14. That schedule shall be approved in writing by both parties. For the purposes of this Agreement, infrastructure costs shall mean water, storm or sanitary sewer improvements, street improvements and all utility improvements (e.g. power, cable, gas, *etc.*). Infrastructure costs shall include a percentage of any common area improvements that serve the site to which the unreimbursed costs are to be allocated.

**11. Campus Village Common Area.** The areas that are not leased but part of the Campus Village shall be maintained as common area. The common areas shall include vehicular roads, parking areas, pedestrian and bicycle paths and landscape areas, as well as areas retained in natural vegetation. The general vehicular, pedestrian and bicycle circulation in the area subject to this Agreement shall generally conform with the circulation plan set forth in Exhibit B-1 unless agreed to otherwise by the parties or as required by the City of Bend.

**12. CAM Charges.** WSPI shall be responsible for maintenance of the common areas in the Campus Village Area. WSPI shall apportion the costs for maintaining those common areas to the lessee of each building lot (or COCC for lots occupied by COCC) within the

Campus Village Area. WSPI shall also apportion the cost for liability insurance and taxes for the common areas to the lessee of each building lot (or COCC for lots occupied by COCC) within the Campus Village Area. The maintenance costs shall be apportioned on a per square foot basis for all the building space in the Campus Village Area. For any CAM charges owed by COCC (e.g. Culinary Institute), COCC shall be entitled to either pay those charges directly or to credit those charges against monies due COCC by WSPI. WSPI shall be allowed up to a ten percent (10%) management fee for discharging its responsibilities for the community association and collection of maintenance fees, taxes and/or insurance premiums (liability, fire and casualty) as well as maintenance of the common areas. The ten percent (10%) shall be applied against the total amount of the CAM charges collected.

**13. Residential Development.** COCC may participate in the construction of the multi-family housing component south of Shevlin Park Road, including the establishment of rental rates for college-related uses. If COCC elects to participate and constructs multi-family units, COCC shall reimburse WSPI for its prorata share of the costs of developing the lots (e.g. planning, engineering, infrastructure).

For properties developed for single-family dwellings, COCC may construct and sell homes to COCC employees on terms and conditions acceptable to COCC. If COCC does retain lots for this purpose, COCC shall reimburse WSPI for its prorata share (per lot) of the costs of developing the lots (e.g. planning, engineering, infrastructure).

**14. Annual Report.** Beginning in 2010, WSPI shall provide to COCC an annual report. Said report shall be provided to COCC between June 1st and July 1st of each year. The annual report shall include the following: (1) progress on development; (2) anticipated progress in the coming year; (3) determination of unreimbursed and unallocated costs; (4) any proposed modifications to the development plan or this Agreement; and (5) financial accounting (including but not limited to net rental income, CAM charges, reimbursement formula). To the maximum extent allowed by law, the annual report provided by WSPI to COCC shall be considered confidential as it includes proprietary and financial information of WSPI. COCC shall, to the maximum extent of law, maintain that confidentiality.

It is the expectation of the parties that the annual report shall be a vehicle by which the parties can address issues concerning the planning and development of the property each year and a consensus on the amount of unreimbursed and unallocated costs. The annual report shall be reviewed jointly between WSPI and COCC within 30 days after delivery of the annual report to COCC.

**15. Additional Responsibilities for WSPI.** WSPI agrees to perform the following duties and responsibilities:

a. Establishing community associations for the developed areas;

b. Managing the community associations or contract with a third party to manage the associations;

c. Developing utility plans for the reserve areas within the Campus Village Area and the connection of that reserve area to the remainder of the COCC campus;

d. Submitting to COCC a reimbursement policy for repayment of unreimbursed infrastructure costs (see Addendum No. 1 of this Agreement);

e. Leasing and managing college facilities as requested by COCC in the Campus Village Area. COCC and WSPI agree to negotiate in good faith a management fee;

f. Collecting and paying to COCC appropriate lease fees for the building spaces to be leased from COCC;

g. Providing for the construction of all infrastructure, including roads and utilities, as well as bicycle and pedestrian paths;

h. Assisting COCC with any needed revisions for the planning and zoning regulations affecting the Properties; and

i. Providing to COCC an annual report regarding development of the Properties; and

j. Submitting to COCC for approval plans for expansion of infrastructure.

WSPI further agrees that in the exercise of these duties and responsibilities WSPI will seek recommendations and comments from COCC.

**16. COCC Responsibilities.** COCC shall have these additional responsibilities in conjunction with this Agreement:

a. Provide lands that are properly zoned for the uses contemplated;

b. Provide COCC-sponsored financing for the utilities if it is to the advantage of COCC;

c. Provide tenant referrals;

d. Provide connection from the Campus Village Area to the COCC campus as shown in the plans for the build out of the COCC campus;

e. Reviewing the reimbursement policy and annual report; and

f. Reviewing plans for expansion of infrastructure. Such plans shall require mutual approval of both WSPI and COCC.

**17. Cooperation by COCC for Land Use Applications and Other Permits.** COCC agrees to execute any and all necessary documents to apply for the development of the Properties consistent with the terms of this Agreement, including access permits, subdivision and land use application forms and applications for the issuance of building permits.

**18. Access to the Properties.** COCC hereby grants to WSPI access to the Properties for the purpose of developing the necessary plans for the development of the Properties.

**19. Indemnity.** WSPI will indemnify and hold harmless COCC and its directors, officers, agents, and employees from and against any and all claims arising from or in connection with the acts or omissions of WSPI or its directors, officers, agents, and employees, together with all costs, expenses, and liabilities incurred or in connection with each such claim, action, proceeding, or appeal, including, without limitation, all attorney fees and expenses.

COCC will indemnify and hold harmless WSPI and its directors, officers, agents, and employees from and against any and all claims arising from or in connection with the acts or omissions of COCC or its directors, officers, agents, and employees, together with all costs, expenses, and liabilities incurred or in connection with each such claim, action, proceeding, or appeal, including, without limitation, all attorney fees and expenses.

**20. Insurance**. WSPI shall maintain in full force and effect during the term of this Agreement an occurrence form commercial general liability policy or policies insuring against liability for personal injury, bodily death and damaged property occurring on or in any way related to the Properties subject to this Agreement for occasion or by reason of the operations of WSPI on said Properties. Such insurance shall include all coverages included in the standard and commercial general liability policy including but not limited to broad form property damage, independent contractors, products completed operations and broad form contractual liability. The amount of the coverage shall not be less than $3 million per occurrence, $5 million aggregate. The amount of this insurance shall be subject to revision every five (5) years as reasonably required by COCC. Such insurance shall name COCC as additional insured with a certificate providing thirty (30) days' notice to COCC prior to cancellation. WSPI shall furnish to COCC a certificate evidencing the date, amount and type of insurance that has been procured pursuant to this Agreement.

WSPI shall also maintain in full force and effect during the term of this Agreement auto liability insurance as well as workers' compensation insurance. Certificates evidencing that insurance shall be provided to COCC within thirty (30) days' of the date of this Agreement and upon request by COCC from time to time thereafter.

**21. Breach of Agreement.** Failure of WSPI to comply with any term or condition or fulfill any obligation of this Agreement including but not limited to a failure to meet agreed upon benchmarks within 30 days' after written notice by COCC specifying the nature of the breach with reasonable particularity. If the breach is of such a nature that it cannot be completely remedied within the 30-day period, this provision shall be complied with if WSPI begins correction of the breach within the 30-day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable but no later than 180 days' after the date notice is given. Provided, however, if there is an immediate danger by the nature of the breach by theWSPI, the notice required of COCC may be shortened to address the urgency of the breach and the need for immediate correction.

**22. Termination.** This agreement may be terminated in the following manner:

a. Termination by Mutual Consent. This Agreement may be terminated at any time by mutual written consent of the parties.

b. After the initial five (5) year minimum term, this Agreement may be terminated as follows:

(i) Termination by WSPI. WSPI may terminate this Agreement without cause upon 180 days' written notice to COCC. Upon termination, WSPI shall provide to COCC all plans, engineering drawings and pro formas developed for the subject Properties, including but not limited to, all contact information for consultants, financing contacts, engineers, architects, buyers and potential tenants or buyers of said developments within the property subject to this Agreement.

(ii) Termination by COCC. COCC may terminate this Agreement without cause upon 180 days' written notice to WSPI. Upon termination, WSPI shall provide to COCC all plans, engineering drawings and pro formas developed for the subject property, including but not limited to, all contact information for consultants, financing contacts, engineers, architects, buyers and potential tenants or buyers of said developments within the property subject to this Agreement.

**c.** Termination by COCC for Material Breach. COCC may terminate this Agreement in the event there is a material breach of this Agreement by WSPI and WSPI does not cure, or commence the cure of, such breach within 30 days' written notice from COCC. Provided, however, if there is an immediate danger by the nature of the breach by WSPI, the notice required by COCC may be shortened to address the urgency of the breach and the need for immediate correction. If the breach is not cured or the cure is not initiated within the notice period and concluded within a reasonable time thereafter, this Agreement shall be subject to termination by COCC. Upon termination, WSPI shall provide to COCC all plans, engineering drawings and pro formas developed for the subject property, including but not limited to, all contact information for consultants, financing contacts, engineers, architects, buyers and potential tenants or buyers of said developments within the property subject to this Agreement.

**23. Effect of Termination.**

a. In the event this Agreement is terminated by COCC for material breach, COCC agrees to pay to WSPI within a reasonable time WSPI's unreimbursed costs as defined in Addendum No. 1 to this Agreement. Said unreimbursed costs shall be paid in accordance with the schedule described in subsection (d). There will be no compensation to WSPI for any appreciation in value on the subject properties in the event of a material breach.

b. In the event this Agreement is terminated by WSPI, WSPI shall be entitled to recover within a reasonable time its unreimbursed costs as defined in Addendum No. 1 to this Agreement. COCC also agrees to pay one-half of the appreciated value of the remaining area within the subject property being developed up to the date of the notice of termination. (See Example in subsection (e)) For purposes of this calculation, the areas subject to this Agreement shall be broken into the following four (4) separate parcels: 1) the Campus Village Area, Phase I comprising approximately 15 acres; 2) the Campus Village Area, Phase II comprising approximately 24 acres; 3) the multi-family parcel located on Tax Lot 2200 on the southeast corner of Shevlin Park Road and Mt. Washington Drive, high density residential area; and 4) Tax Lot 2200 on the southwest corner of Shevlin Park Road and Mt. Washington Drive, a low density residential neighborhood comprising approximately 12 acres. The requirement to pay one-half the appreciated value described in the calculation in subsection (e) shall be confined to those areas which have been developed by WSPI. Development shall mean actual improvements on the ground in the particular parcel. If more than fifty percent (50%) of a parcel remains undeveloped (i.e., not served by infrastructure), that parcel shall be pro rated accordingly.

For the low density residential area, if a portion of that property is rezoned to allow commercial development and WSPI terminates this Agreement prior to the development of that commercial property, the termination shall be calculated only upon the increase in the residential value of the property.

Payment of the appreciation value shall be subject to the provisions of subsection (f).

c. In the event this Agreement is terminated by COCC without cause, COCC agrees to pay within a reasonable time to WSPI the unreimbursed costs as defined in Addendum No. 1 to this Agreement. COCC also agrees to pay one-half of the appreciated value of the remaining developed parcels to the date of the notice of termination (see Example in subsection (e)). Payment of that appreciated value shall be subject to the provisions of subsection (f).

d. For the purposes of this Section, a reasonable time shall mean:

(i) unreimbursed costs between $0 and $500,000 – one year;

(ii) unreimbursed costs between $500,000 and $1,000,000 – two years;

(iii) unreimbursed costs over $1,000,000 – within three years.

This schedule sets forth a temporal range for reimbursement to WSPI. The parties acknowledge and agree that these time frames and the amount of unreimbursed costs shall be reviewed and revised, if necessary, during the review of WSPI's annual report. Also, prior to the initiation of any improvements after Phase One of the Campus Village Area, the parties agree to evaluate the impact of the cost of the infrastructure, the potential for unreimbursed costs being required to be repaid by COCC and to assess the repayment figures accordingly. The purpose of that process will be to ensure that COCC will be able to minimize any impact on the general fund because of its repayment obligation but also provide a level of certainty for recovery of those costs over a reasonable period of time.

e. In the event there is an obligation by COCC to pay the increased value in the Properties as referenced in subsections (b) and (c) above, the following process shall occur. The party who terminates this Agreement shall be responsible for obtaining an appraisal as of the date of notice of termination on the Properties to determine the value of that appreciation from the base value to the date of termination. That appraisal process shall otherwise conform with the requirements of Section 45 of this Agreement.

The calculation regarding that appreciated value and the amount owed to WSPI is illustrated in the following example:

(i) June 1, 2017 the Agreement is terminated without cause. The terminating party will be responsible for obtaining the appraisal at that time.

(ii) WSPI would be due 50% of the appreciated value between the 2010 value and the improved value as of June 1, 2017.

(iii) The amount due WSPI would not be paid until properties are leased.

(iv) The increased value would be due as of the effective date of a new lease.

(v) If at the time of the lease the value of the property is more than the 2017 value, WSPI would get 50% of that value, less the 2010 base value. If the value at the time of the lease is less than the 2010 base value, WSPI would not be entitled to recover any monies for an appreciated value.

f. To ensure that any payment of the appreciated value from COCC to WSPI does not affect the general fund of the college, COCC shall have the election to pay one-half of the difference in appreciative value on a developed parcel through an assignment of future rents for that value (one-half of the enhanced rent) as leases are entered into within the developed parcel or to pay the appreciated value in cash at the time a new lease is entered into.

g. In the event of termination for breach of this Agreement, the injured party shall be entitled to all remedies allowed by law including injunctive relief and/or damages. Provided, however, neither party shall have any claim against the other for lost profits or consequential damages that may occur because of a default by the other party.

**24. Effect of Termination on Leases.** In the event this Agreement is terminated by either party, and obligations required of either party under the terms of any lease agreement including but not limited to the obligation to pay rent, shall continue and remain in full force and effect.

GENERAL PROVISIONS:

**25. Force Majeure.** Except as otherwise set forth in this Section 26, neither party shall have liability to the other on account of the following acts (each of which is an "Excused Delay" and jointly all of which are "Excused Delays") which shall include: (1) the inability to fulfill, or delay in fulfilling, any obligations under this Agreement by reason of strike, lockout, other labor trouble, dispute or disturbance; (2) governmental regulation, moratorium, action, preemption or priorities or other controls; (3) shortages of fuel, supplies or labor; or (4) for any other reason, beyond a party's reasonable control whether similar or dissimilar to the above, or for acts of God beyond a party's reasonable control. If this Agreement specifies a time period for performance of an obligation of a party, that time period shall be extended by the period of any delay in the party's performance caused by any of the events of Excused Delay described herein.

**26. Further Assurances.** WSPI and COCC each agree to cooperate in good faith and as reasonably required in order to effect the terms of this Agreement and the transactions contemplated herein. From time to time, each of the parties shall execute, acknowledge, and deliver any instruments or documents necessary to carry out the purposes of this Agreement.

**27. Binding Effect.** This Agreement shall be binding on and inure to the benefit of the parties and their heirs, personal representatives, successors, and assigns.

**28. Assignment.** Except with the other party's prior written consent, a party may not assign any rights or delegate any duties under this Agreement.

**29. Notices.** Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be by e-mail and be mailed by certified mail, return receipt requested, postage prepaid, addressed to the parties as follows:

Central Oregon Community College
Attn: Matthew J. McCoy
2600 NW College Way
Bend OR 97701
e-mail: mmccoy@cocc.edu

William Smith Properties, Inc.
Attn: William L. Smith
15 SW Colorado Avenue Ste A
Bend OR 97702
e-mail: bill@wspi.net

Any notice or other communication shall be deemed to be given at the expiration of three (3) days after the date of deposit in the United States mail. The addresses to which notices or other communications shall be mailed may be changed from time to time by giving written notice to the other party as provided in this Section 29.

**30. Attorney Fees.** If any suit or action is filed by any party to enforce this Agreement or otherwise with respect to the subject matter of this Agreement, the prevailing party shall be entitled to recover reasonable attorney fees incurred in preparation or in prosecution or defense of such suit or action as fixed by the arbitrator, trial court, or bankruptcy court or if any appeal is taken from the decision of the arbitrator, trial court, or bankruptcy court, reasonable attorney fees as fixed by the appellate court including the Court of Appeals and/or Supreme Court.

**31. Amendments.** This Agreement may be amended only by an instrument in writing executed by all the parties.

**32. Headings.** The headings used in this Agreement are solely for convenience of reference, are not part of this Agreement, and are not to be considered in construing or interpreting this Agreement.

**33. Entire Agreement.** This Agreement (including the exhibits) sets forth the entire understanding of the parties with respect to the subject matter of this Agreement and supersedes any and all prior understandings and agreements, whether written or oral, between the parties with respect to such subject matter.

**34. Counterparts.** This Agreement may be executed by the parties in separate counterparts, each of which when executed and delivered shall be an original, but all of which together shall constitute one and the same instrument.

**35. Severability.** If any provision of this Agreement shall be invalid or unenforceable in any respect for any reason, the validity and enforceability of any such provision in any other respect and of the remaining provisions of this Agreement shall not be in any way impaired.

**36. Waiver.** A provision of this Agreement may be waived only by a written instrument executed by the party waiving compliance. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. Failure to enforce any provision of this Agreement shall not operate as a waiver of such provision or any other provision.

**37. Time of Essence.** Time is of the essence for each and every provision of this Agreement.

**38. No Third-Party Beneficiaries.** Nothing in this Agreement, express or implied, is intended to confer on any person, other than the parties to this Agreement, any right or remedy of any nature whatsoever.

**39. Expenses.** Except as specifically set forth in this Agreement, each party shall bear its own expenses in connection with this Agreement and the transactions contemplated by this Agreement.

**40. Exhibits.** The exhibits referenced in this Agreement are a part of this Agreement as if fully set forth in this Agreement.

**41. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the state of Oregon.

**42. Venue.** This Agreement has been made entirely within the state of Oregon. This Agreement shall be governed by and construed in accordance with the laws of the state of Oregon. If any suit or action is filed by any party to enforce this Agreement or otherwise with respect to the subject matter of this Agreement, venue shall be in the federal or state courts in Deschutes County, Oregon.

**43. Mediation.** The parties will attempt to cooperatively resolve any disagreements that arise over the terms of this Agreement. If the parties are unable to resolve a disagreement, they must use mediation first. Any cost for mediation shall be shared equally by the parties or as determined in the mediation process. A written record shall be prepared of any agreement reached in mediation and shall be provided to each party. If the parties are unable to resolve a disagreement through mediation, the disagreement shall be resolved through arbitration.

**44. Arbitration.** Any controversy or claim arising out of or relating to this Agreement, including, without limitation, the making, performance, or interpretation of this Agreement, shall be settled by arbitration in Bend, Oregon, in accordance with ORS 36.300-36.365, and judgment on the arbitration award may be entered in any court having jurisdiction over the subject matter of the controversy.

In the event the parties are unable to agree upon the arbitrator, then they shall submit a list of names of three people to each other. Each party shall strike two names and the remaining name on each party's selection shall be placed in a container and the name drawn shall be the arbitrator who shall thereafter consider all of the issues, shall make the decision to resolve the issue and such decision shall be final and binding. The cost of this arbitration shall be shared equally by the parties.

**45. Appraisal Valuation, Arbitration.** If the parties cannot agree on the fair market value of the properties or any portion thereof, the parties agree to obtain an appraisal of the property. The selection of the appraiser shall be mutual and the costs thereof shall be borne equally by the parties. If one or both parties disagree with the value established by the appraiser, said party shall obtain a second appraisal at said party's sole cost. The parties shall then negotiate in good faith a resolution of the appraisal value based upon the two appraisals.

In the event the parties still cannot agree on a fair market value, each party shall be entitled to submit one appraisal to an arbitrator. If the parties cannot agree upon an arbitrator, each party shall submit two names to a circuit court judge for Deschutes County who shall then select the arbitrator. Following a hearing, the arbitrator shall choose one of the two appraisals as representing the fair market value of the properties (or portion thereof). That decision shall be final and binding upon the parties.

DATED this _____ day of April, 2010.

| CENTRAL OREGON COMMUNITY COLLEGE | WILLIAM SMITH PROPERTIES, INC |
|---|---|
| BY:______________________________ | BY:______________________________ |
| ITS: ___________________________ | ITS: ___________________________ |

# Addendum No. 1 to Development Agreement

This Addendum No. 1 to the Development Agreement (this "Addendum") is made as of this __ day of February, 2010 by and between CENTRAL OREGON COMMUNITY COLLEGE, a community college organized under the laws of the State of Oregon, hereinafter referred to as "COCC" and WILLIAM SMITH PROPERTIES, INC., an Oregon corporation, hereinafter referred to as "WSPI."

## Agreement

The parties hereto agree as follows:

1. General. This Addendum is the Addendum described in that certain Development Agreement executed concurrently herewith between COCC and WSPI. The terms of this Addendum are hereby incorporated into and made a part of the Development Agreement. Capitalized terms used herein without definition shall have the meaning given them in the Development Agreement.

2. Ground Leases. Actual Rent (as defined below) paid under each ground lease shall be allocated and paid to the parties as follows: (i) to COCC until COCC has been paid the Base Rent (less the 5% WSPI Management Fee pursuant to Section 2.F.) for such lease; (ii) to WSPI until WSPI has been paid the 5% WSPI Management Fee for such lease; (iii) to WSPI until WSPI has received the WSPI Base Rent Return for such lease; (iv) to COCC and WSPI to reimburse Unreimbursed Costs in accordance with Section 2.E. (but subject to WSPI's Management Fee on COCC's reimbursement in accordance with Section 2.F); and (v) to COCC and WSPI equally (but subject to WSPI's Management Fee on COCC's share). Each of these allocations is further described below.

   As used herein, "Actual Rent" shall mean the actual rent paid under a ground lease for the use of a portion of the Properties, but excluding the rent allocable to a building on such land. To the extent that WSPI constructs a building, the rent paid by third parties for the use of such building shall belong solely to WSPI.

   A. Appraisals. WSPI commissioned appraisals of approximately 55 acres of real property owned by COCC (the "Properties") as described in the Development Agreement, using an appraiser approved by COCC, Bratton Appraisal Group LLC. These include as-is fair market value appraisals for the following areas (which areas are shown on **Exhibit B** to the Development Agreement):

      (1) The approximately 40-acre "Campus Village Area";

      (2) The approximately 15-acre subdistrict of the Campus Village Area known as the "Campus Village Phase 1";

      (3) The approximately 3-acre "High Density Residential"; and

      (4) The approximately 12-acre "Low Density Residential."

These appraisals establish the per-acre "Base FMV" for land in each of these areas. The appraisals also include a determination of the fair market value of each of these areas assuming that roads and certain utilities (sewer, water and electric) are already installed (each, the "2010 Improved FMV"), which improvements the parties will undertake pursuant to the Development Agreement. The parties agree that these appraisals shall be deemed as **Schedule 1** to the Development Agreement. As used herein, "FMV" shall mean and refer to the fair market value of the applicable portion of the Properties. In the case of future FMV determinations, the parties shall agree upon the same, or, if they are unable to agree, the FMV shall be determined as provided in the Valuation Arbitration section of the Development Agreement.

B. <u>COCC Base Rent Calculations</u>. For each ground lease of a portion of the Properties (but not including subleases if Base Rent is being paid or has already been paid under the applicable master lease), COCC shall be entitled to Base Rent as calculated in this Section 2.B., subject to the WSPI Management Fee described in Section 2.F. The Base Rent shall be paid out of the Actual Rent, as described below. "Base Rent" for the leased land shall be calculated as follows:

Eight percent (8%) of the Base FMV of the real property deemed to be leased

plus

One-half of eight percent (8%) of the increase in FMV of the real property deemed to be leased but in no event a decline in FMV.

As used herein, "improved" shall mean that the FMV shall be determined based upon the assumption that the roads and sewer, water and electric utilities are installed, regardless of whether they are complete.

The "real property deemed to be leased" shall be based upon an assumed floor area ratio of 25% (or such other FAR as is reasonable under the circumstances and is agreed to by the parties acting reasonably and in good faith), and shall therefore be calculated by multiplying the actual square footage of the building footprint by 4.

> *By way of example*, assume a 2010 lease of a building with a 6,000 square foot footprint. The lease area, therefore, would be 24,000 sq. ft. Assume that the Base FMV for such land is $150,000 per acre and the current, improved FMV (based upon the 2010 Improved FMV) is $250,000 (an increase of $100,000). The Annual Base Rent for such a building would be 8% of the Base FMV for 24,000 square feet plus one-half of 8% of the difference between the Base FMV for 24,000 square feet and the current, improved FMV for 24,000 square feet:

| | | | | | | |
|---|---|---|---|---|---|---|
| $150,000 (FMV of land per acre) | x | .5509 (real property leased as portion of acre) | x | .08 | | =$6,610.80 |

Plus

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| .5 (one-half) | x | $100,000 (per acre difference between Base FMV and current, improved FMV) | x | .5509 (real property leased as portion of acre) | x | .08 | =$2,203.60 |

---

= $8,814.40

*Under this example*, COCC's Base Rent would be 95% or $8,373.68

WSPI's Management Fee would be 5% or $ 440.72

C. WSPI's Base Rent Return. WSPI shall be entitled to one-half (1/2) of eight percent (8%) of the difference between the Base FMV for the land deemed to be leased and the current, improved FMV for the land deemed to be leased (the "WSPI Base Rent Return"). The WSPI Base Rent Return shall be paid out of the Actual Rent.

*Using the above example*, WSPI would be entitled to received $2,203.60 (plus the $440.72 WSPI Management Fee) when COCC receives payment of the Annual Base Rent.

D. Allocation of Actual Rent. After payment of COCC's Base Rent, WSPI's 5% share of COCC's Base Rent and WSPI's Base Rent Return, the remainder of the Actual Rent shall be used: (i) first to reimburse the parties for their then-existing Unreimbursed Costs (as defined in Section 2.E) proportionately, based upon the parties' respective outstanding Unreimbursed Costs at the time of allocation of Excess Annual Rent (but subject to WSPI's Management Fee on any COCC payment pursuant to Section 2.F); and (ii) second to be paid to WSPI and COCC equally (but subject to WSPI's Management Fee on any COCC payment pursuant to Section 2.F).

> *By way of example*, assume that at the time of signing the first lease, the parties' respective Unreimbursed Costs are $99,000 for COCC and $328,000 for WSPI. Thus, the total

Unreimbursed Costs would equal $427,000, of which 23% is COCC's and 77% is WSPI's.

*Using the example above*, assume that Actual Annual Rent is $25,000. COCC would be entitled to the annual Base Rent of $8,373.68. WSPI would be entitled to the WSPI Management Fee of $440.72. WSPI would then be entitled to the WSPI Base Rent Return of $2,203.60.

After payment of this, the remaining balance, $13,982, would be split 23% to COCC (less 5% of which would be owed to WSPI pursuant to Section 2.F.) and 77% to WSPI until both have been fully reimbursed. In other words, COCC would be reimbursed for its Unreimbursed Costs in the amount of $3,055.07 ($13,982 x .23 x .95). WSPI would be reimbursed for its Unreimbursed Costs in the amount of $10,766.14 ($13,982 x .77). In addition, WSPI would get 5% of COCC's payment pursuant to Section 2.F, which would equal $160.79 ($13,982 x .23 x .05).

E. Unreimbursed Costs. Unreimbursed Costs shall mean those costs incurred by either party in the development of the Properties but specifically excluding those costs incurred by COCC that are attributable to development of buildings for COCC-related use.

Items to be included in Unreimbursed Costs shall be agreed upon by the parties acting reasonably and in good faith, consistent with the terms of the Development Agreement and this Addendum. In general, Unreimbursed Costs shall mean and include the expenses reasonably incurred by either party in connection with the improvement and development of the Properties, including planning and design-related fees, land use planning fees and expenses, consultant fees, attorneys' fees, engineering and surveying fees, infrastructure costs, permit costs and fees and other similar fees, costs and expenses together with financing costs associated with third-party financing of any of the foregoing. Unreimbursed costs shall include any real estate commissions paid to third parties in conjunction with the recruitment of tenants for land leases, as well as any reasonable real estate fee charged by WSPI for recruiting each tenants. Unreimbursed costs shall also include construction management fees. Except as specifically provided for above, Unreimbursed Costs shall not include the cost of either parties' internal employees or overhead. Unreimbursed Costs shall specifically exclude land use work performed in connection with re-zoning the Campus Village from RS to PF and obtaining approval for the designation of the Special Plan Area. Unreimbursed costs shall also not include any building costs or improvement costs on a leased parcel or lot.

The parties shall negotiate and agree in good faith annually on what items shall constitute Unreimbursed Expenses for each party.

Reimbursement of Unreimbursed Costs shall be in proportion to the amount spent by the respective parties. In calculating the Unreimbursed Costs, COCC's Unreimbursed Costs shall be reduced by the portion of the Unreimbursed Costs allocated to COCC-related buildings. Such adjustment shall be calculated as follows: the square footage of the building shall be multiplied by four (to account for a floor area ratio of 25%) and then divided by the entire area of the applicable site. Those items that may be included in Unreimbursed Costs are identified in the Development Agreement.

> *By way of example*, assume that COCC constructs a building in the Campus Village that is 10,000 square feet. Assume that the Campus Village is 15 acres. 10,000 square feet multiplied by 4 = 40,000. Divided by 43,560, that equals .918274 acres. Divide that by the total 15 acres, and 6.12% of COCC's Unreimbursed Costs shall be allocated to that building and will not be reimbursed.

To the extent that a third-party tenant for a portion of the Properties pays for infrastructure improvements or costs, such funds shall be used to pay down the Parties' respective Unreimbursed Costs (those allocable to the particular parcel on which the lease is located) in proportion to the then-existing ratio.

F. WSPI Management Fee. WSPI shall be entitled to five percent (5%) of any lease payment due COCC hereunder as the "WSPI Management Fee". The WSPI Management Fee shall be for property management of the leased parcels. As the property manager, WSPI shall be in charge of collecting and accounting for all rents due WSPI and/or COCC for the land lease. WSPI shall also be responsible for all tenant concerns regarding the lease of the land for each parcel. Provided, however, such responsibility shall not require WSPI to pay for any obligation of Landlord.

*Using the examples above*, COCC would be entitled to the following:

$ 8,373.68 (95% of Annual Base Rent) plus
$ 3,055.07 (95% of 23% for Unreimbursed Expenses), for a total of $11,428.75.

COCC's total Unreimbursed Costs would be deemed reduced by $3,215.86.

*Using the examples above*, WSPI would be entitled to the following:

$ 440.72 (5% of Annual Base Rent) plus
$ 2,203.60 (WSPI's Base Rent Return) plus
$ 160.79 (5% of COCC's 23% of Unreimbursed Expenses) plus
$10,766.14(77% of Unreimbursed Expenses), for a total of $13,571.25

WSPI's total Unreimbursed Costs would be deemed reduced by $10,766.14.

After the parties' total Unreimbursed Costs were already fully recovered, then any remaining Excess Annual Rent shall be shared equally by the parties.

3. <u>COCC Payments to WSPI for COCC Buildings</u>. Except as otherwise provided in this Section 3, when COCC constructs, either directly or through contracting with a third party, any building on any portion of the Properties, COCC shall pay to WSPI one-half of the difference between the Base FMV and the then-current improved FMV for the real property deemed to be leased, using a floor area ratio of 25%. In addition, COCC shall reimburse WSPI for WSPI's Unreimbursed Costs to the extent properly allocated to such building.

*By way of example*, assume that in January 2010, COCC constructs a 10,000 square foot building. Using a FAR of 25%, the real property deemed to be used would be 40,000 square feet or .918274 acres. Assume the Base FMV is $150,000 per acre and the 2010 Improved FMV is $250,000 per acre. Assume further that WSPI's total Unreimbursed Costs at the time of construction was $200,000 for the Campus Village Phase 1. COCC would owe WSPI the following:

| | | | | | |
|---|---|---|---|---|---|
| .5 | x | $100,000 | x | .918274 | =$45,913.70 |

Plus

| | | | |
|---|---|---|---|
| .918274 acre (size of land deemed used by COCC building) | divided by 15 acres (total size of Campus Village Phase 1) | x | $200,000=$12,243.65 (WSPI Unreimbursed Costs for Campus Village Phase 1 at time of construction of COCC building) |

For a total payment due of $58,157.35

Such amount would be due within one (1) year of the date on which COCC advises WSPI that it intends to use such property for construction of a building in accordance with the Development Agreement.

Notwithstanding the foregoing provisions of this Section 3, in the event that COCC constructs a building for its own uses (i.e., there are no third party leases or uses), COCC shall reimburse WSPI for WSPI's Unreimbursed Costs to the extent properly allocated to such building, but shall have no obligation to pay to WSPI any portion of the increase in value of the land from the Base FMV for the portion of the Properties deemed to be used.

Exhibit: 7.b
April 14, 2010
Approved: ___Yes ___No

# CENTRAL OREGON COMMUNITY COLLEGE
# BOARD OF DIRECTORS

## RESOLUTION

Prepared by: Kevin E. Kimball – Chief Financial Officer

**A. Issue**

2010-11 Tuition and Fee Rates

**B. Discussion/History**

At the December board retreat, the board had a general discussion regarding possible 2010-11 tuition rates and how COCC's combined tuition and fee rates compare to other Oregon community colleges. The board established a board priority to, "develop and implement sustainable systems, which balance comprehensive quality programs and services with appropriate tuition and fee levels."

At the March board meeting, information was provided to the Board and budget committee reflecting a tuition and fee increase for the 2010-11 academic year. The March information provided prior year national and state comparisons with COCC's tuition and fees. An updated comparison of the Oregon community colleges projected 2010-11 tuition and fee rates is provided. The preliminary information indicates that the average community college in-district tuition and fee rates will increase by more than three dollar per credit or about 4% for the 2010-11 academic year.

COCC's in-district tuition rate for 2009-10 is $66 per credit. With the required quarterly fees of $41, the annual combined cost of tuition and fees for 2009-10 is $3,093 for an in-district student taking 15 credits per term. COCC currently has the lowest combined tuition and fee rates of the 17 Oregon community colleges. With the proposed $4 tuition rate increase to $70 per credit, COCC will still have the lowest combined in-district tuition and fee rates for 2010-11. For an in-district student taking 15 credits per term, the total combined tuition and fees for the 2010-11 academic year would be $3,273.

**C. Timing**

The board is be asked at this time to approve the recommendation to increase tuition rates, as the 2010-11 academic year begins with summer term and summer term registration starts at the end of April. In addition, the 2010-11 college catalog identifies the 2010-11 tuition and fee rates, and the printing deadline is mid-April.

**D.** **Budget Impact**

Tuition and fee revenue is a major component of the College's revenues, as it comprises more than 42% of the total revenues in the 2009-10 budget and 47.6% of the projected 2010-11 budget. The College anticipates that the $4 per credit increase for in-district tuition and the 5% increase in other tuition rates will generate approximately $829,000.

The increased revenues in the 2010-11 budget provides funding for the additional services included in the 2010-11 budget. These additional services included increased educational opportunities, instructional staff, increased student services, and support services.

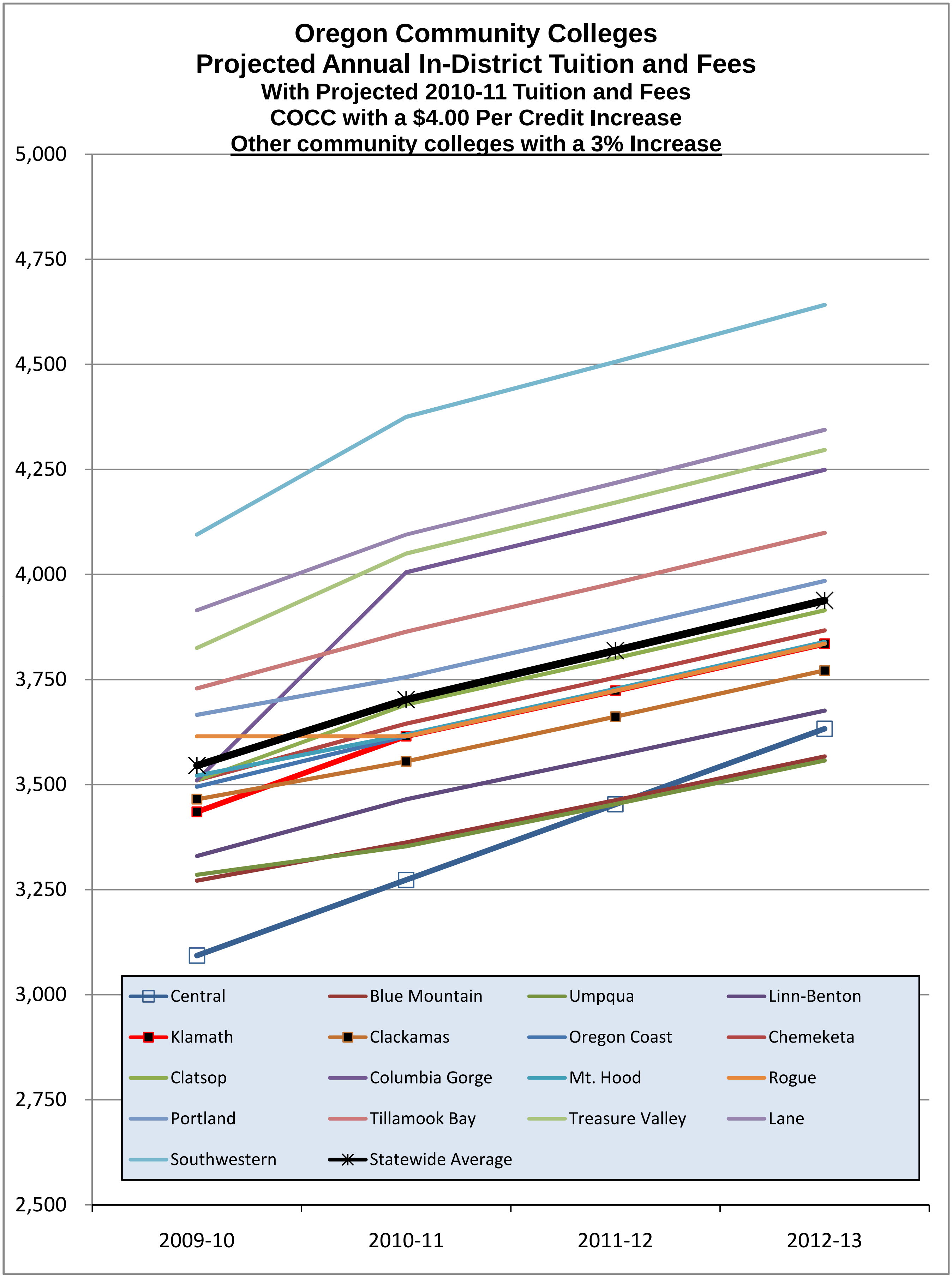
**E.** **Options**

1. Approve the resolution as presented.
2. Approve a resolution with alternative tuition rates.
3. Defer action until May.

**F.** **Recommendation**

In order to meet the needs of COCC's growing student population and make progress towards board priorities, be it resolved that the Board of Directors of Central Oregon Community College authorizes the 2010-11 tuition rate increase as identified below.

| | 2009-10 | 2010-11 |
|---|---|---|
| In-district | $ 66/cr. | $ 70/cr. |
| Out-of-district | $ 91/cr. | $ 96/cr. |
| Border State | $ 91/cr. | $ 96/cr. |
| Out-of-State | $186/cr. | $195/cr. |


Oregon Community Colleges
Projected Annual In-District Tuition and Fees
With Projected 2010-11 Tuition and Fees
COCC with a $4.00 Per Credit Increase
Other community colleges with a 3% Increase
5,000
4,750
4,500
4,250
4,000
3,750
3,500
3,250
3,000
2,750
2,500
2009-10
2010-11
2011-12
2012-13
Central
Blue Mountain
Umpqua
Linn-Benton
Klamath
Clackamas
Oregon Coast
Chemeketa
Clatsop
Columbia Gorge
Mt. Hood
Rogue
Portland
Tillamook Bay
Treasure Valley
Lane
Southwestern
Statewide Average

# Oregon Community Colleges
# Projected Annual In-district Tuition and Fees

**COCC Rate Increase**
**Other Community Colleges** **3.0%**

| | | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|---|---|---|---|---|---|---|---|---|
| | (COCC Rate Change Per Credit) | | *4.00* | *4.00* | *4.00* | *3.00* | *3.00* | *3.00* |
| 1 | Central | 3,093 | 3,273 | 3,453 | 3,633 | 3,768 | 3,903 | 4,038 |
| 2 | Blue Mountain | 3,272 | 3,362 | 3,463 | 3,567 | 3,674 | 3,784 | 3,897 |
| 3 | Umpqua | 3,285 | 3,353 | 3,454 | 3,557 | 3,664 | 3,774 | 3,887 |
| 4 | Linn-Benton | 3,330 | 3,465 | 3,569 | 3,676 | 3,786 | 3,900 | 4,017 |
| 5 | Klamath | 3,435 | 3,615 | 3,723 | 3,835 | 3,950 | 4,069 | 4,191 |
| 6 | Clackamas | 3,465 | 3,555 | 3,662 | 3,771 | 3,885 | 4,001 | 4,121 |
| 7 | Oregon Coast | 3,495 | 3,615 | 3,723 | 3,835 | 3,950 | 4,069 | 4,191 |
| 8 | Chemeketa | 3,510 | 3,645 | 3,754 | 3,867 | 3,983 | 4,102 | 4,226 |
| 9 | Clatsop | 3,510 | 3,690 | 3,801 | 3,915 | 4,032 | 4,153 | 4,278 |
| 10 | Columbia Gorge | 3,510 | 4,005 | 4,125 | 4,249 | 4,376 | 4,508 | 4,643 |
| 11 | Mt. Hood | 3,521 | 3,619 | 3,728 | 3,839 | 3,955 | 4,073 | 4,195 |
| 12 | Rogue | 3,615 | 3,615 | 3,723 | 3,835 | 3,950 | 4,069 | 4,191 |
| 13 | Portland | 3,666 | 3,756 | 3,869 | 3,985 | 4,104 | 4,227 | 4,354 |
| 14 | Tillamook Bay | 3,729 | 3,864 | 3,980 | 4,099 | 4,222 | 4,349 | 4,479 |
| 15 | Treasure Valley | 3,825 | 4,050 | 4,172 | 4,297 | 4,426 | 4,558 | 4,695 |
| 16 | Lane | 3,915 | 4,095 | 4,218 | 4,344 | 4,475 | 4,609 | 4,747 |
| 17 | Southwestern | 4,095 | 4,375 | 4,506 | 4,641 | 4,781 | 4,924 | 5,072 |
| | **Statewide Average** | **3,545** | **3,702** | **3,819** | **3,938** | **4,058** | **4,181** | **4,307** |

Exhibit: 8.a
April 14, 2010

# CENTRAL OREGON COMMUNITY COLLEGE
# BOARD OF DIRECTORS

## RESOLUTION

Prepared by: Kevin E. Kimball – Chief Financial Officer

**A.** **Issue**

Bond Authorization Resolution for the 2010 Bond Sale

**B.** **Discussion/History**

On November 3, 2009, the COCC district voters approved a $41.58 million dollar bond election to provide funds for identified capital construction and improvement projects. The college has selected Seattle-Northwest Securities Corporation (SNW) as underwriter and to provide investment banking services. Dave Taylor, senior vice president with SNW, will attend the April board meeting providing information, reviewing the schedule, and answering questions related to the bond sale process. In addition, the college has selected K&L Gates LLP as bond counsel and US Bank and at the paying agent.

K&L Gates provided a draft Bond Authorization Resolution. The draft resolution was reviewed and modified by the college's legal counsel, SNW, US Bank (paying agent), and administration. The Bond Authorization Resolution is necessary to meet legal requirements and to maintain the bond sale schedule. Some key points of the resolution include the following:

- authorizes the college to issuance bonds within certain limitations,
- designates the President, Chief Financial Officer, or designee to act on behalf of the college for the bond sale,
- commits the district to levy appropriate property taxes for bond repayment,
- delegates board authority to the President, Chief Financial Officer or designee to establish and negotiate the terms for the bond sale, and
- officially designates the college's bond counsel and underwriter for the bond issue.

**C.** **Timing**

The board is being asked to approve the Bond Authorization Recommendation, at this time, in order to maintain the schedule to sell bonds as of May 25, 2010.

**D.** **Budget Impact**

This resolution keeps the college on schedule to issue $41.58 million dollars in bonds to complete the construction projects approved by district voters last November. The bond dollars also provides matching funds to needed to receive over $10 million dollars in state construction funds. There is no impact on the general operations of the college.

## E. Options

1. Approve the Bond Authorization Resolution as presented and move forward with the schedule bond sell.
2. Approve the Bond Authorization Resolution with the minor changes identified and move forward with the schedule bond sell.
3. Defer action, which may result in the bond sale not being completed as scheduled.

## F. Recommendation

In order to meet the legal requirements and to maintain the schedule to sell the bonds as authorized in the November election, be it resolved that the Board of Directors of Central Oregon Community College approves the attached Bond Authorization Resolution shown as Exhibit: 8.a1.

Exhibit: 8.a1
April 14, 2010
Approved: ____Yes ____No
Motion: _____

Central Oregon Community College
BOARD OF DIRECTORS

**RESOLUTION NO. ___**

**A RESOLUTION OF THE CENTRAL OREGON COMMUNITY COLLEGE DISTRICT, IN CROOK, DESCHUTES, JEFFERSON, KLAMATH, LAKE AND WASCO COUNTIES, OREGON AUTHORIZING THE ISSUANCE, NEGOTIATED SALE AND DELIVERY OF GENERAL OBLIGATION BONDS; DESIGNATING AN AUTHORIZED REPRESENTATIVE, BOND COUNSEL AND UNDERWRITER; DELEGATING THE APPROVAL AND DISTRIBUTION OF THE PRELIMINARY AND FINAL OFFICIAL STATEMENTS; AUTHORIZING EXECUTION OF A BOND PURCHASE AGREEMENT AND RELATED MATTERS.**

THE BOARD OF DIRECTORS OF THE CENTRAL OREGON COMMUNITY COLLEGE DISTRICT, IN CROOK, DESCHUTES, JEFFERSON, KLAMATH, LAKE AND WASCO COUNTIES, OREGON HEREBY RESOLVES:

**SECTION 1. FINDINGS**

The Board of Directors (the "Board") of the Central Oregon Community College District, in Crook, Deschutes, Jefferson, Klamath, Lake and Wasco Counties, Oregon (the "District") finds:

a. The District is authorized pursuant to the Oregon Constitution and Oregon Revised Statutes Chapters 287A and 341 to issue general obligation bonds to finance capital construction and improvements;

b. In July 2009, the Board authorized the submission to the voters of the District at a measure election on November 3, 2009, the question of contracting a general obligation bonded indebtedness in an amount not to exceed $41.58 million to finance the costs of capital construction and capital improvements as set forth in the approved notice of bond election (the "Projects"), and pay bond issuance costs;

c. The election was duly and legally held on November 3, 2009 and the elections officer of the county in which the District office is located certified that the issuance of the general obligation bonds was approved by a majority of the qualified voters of the District voting at the election;

d. The Board determined the results of the election pursuant to ORS 255.295(1) in compliance with the requirement of determining results within thirty (30) days of receipt of the abstract of votes; and

e. The District adopts this resolution to provide the terms under which the general obligation bonds will be sold and issued; to authorize the issuance of the general obligation bonds; and to classify the ad valorem taxes levied to pay debt service on the general obligation bonds as not being subject to the limits of Sections 11 and 11b, Article XI of the Oregon Constitution.

## SECTION 2. BONDS AUTHORIZED

The Board of Directors hereby authorize the issuance of General Obligation Bonds (the "Bonds") in an aggregate principal amount not to exceed $41.58 million, issued in one or more series.

The Bonds shall mature over a period not exceeding twenty-one (21) years from their date of issue. The Bonds shall be issued in fully registered form in the principal denominations of $5,000 or any integral multiple thereof. The Bonds shall be subject to a book-entry only system of ownership and transfer as provided for in Section 8 hereof. The remaining terms of the Bonds shall be established as provided in Section 11 hereof.

## SECTION 3. DESIGNATION OF AUTHORIZED REPRESENTATIVES

The Board designates the President, or Chief Financial Officer, (each an "Authorized Representative") or a designee of the Authorized Representative to act on behalf of the District as specified in Section 11 hereof.

## SECTION 4. SECURITY

The Bonds are general obligations of the District. The full faith and credit of the District are pledged to the successive owners of each of the Bonds for the punctual payment of such obligations, when due. The District covenants with the Bondowners to levy annually a direct ad valorem tax upon all of the taxable property within the District in an amount without limitation as to rate or amount, and outside of the limitations of Sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and any other funds available, to pay interest accruing and the principal maturing on the Bonds promptly when and as they become due.

## SECTION 5. FORM OF BONDS

The Bonds shall be issued in substantially the form as approved by the Authorized Representative. The Bonds may be printed or typewritten, and may be issued as one or more temporary Bonds which shall be exchangeable for definitive Bonds when definitive Bonds are available. As book-entry only bonds, the Bonds shall be prepared by Bond Counsel.

## SECTION 6. EXECUTION OF BONDS

The Bonds shall be executed on behalf of the District with the manual or facsimile signature of the Chair of the Board of Directors of the District and attested to by the manual or facsimile signature of the Authorized Representative but at least one such signature shall be in manual form. However, all signatures may be in facsimile form if the Bonds are authenticated by the manual signature of the paying agent/registrar (the “Registrar”).

**SECTION 7. AUTHENTICATION, REGISTRATION, PAYMENT, EXCHANGE AND TRANSFER**

a. No Bond shall be entitled to any right or benefit under this Resolution unless it shall have been authenticated by an authorized officer of the Registrar. The date of authentication shall be the date the Bondowner’s name is listed on the Bond register.

b. All Bonds shall be in registered form. The Registrar shall authenticate all Bonds to be delivered at closing of this bond issue, and shall additionally authenticate all Bonds properly surrendered for exchange or transfer pursuant to this Resolution.

c. The ownership of all Bonds shall be entered in the Bond register maintained by the Registrar, and the District and the Registrar may treat the person listed as owner in the Bond register as the owner of the Bond for all purposes.

d. The Registrar shall mail or cause to be delivered the amount due under each Bond to the registered owner at the address appearing on the bond register on the record date set forth in the official statement for the Bonds. If payment is so mailed, neither the District nor the Registrar shall have any further liability to any party for such payment.

e. In the event the book-entry system of ownership is discontinued, Bonds may be exchanged for equal principal component amounts of Bonds of the same maturity which are in different authorized denominations, and Bonds may be transferred to other owners if the Bondowners submit the following to the Registrar:

  i. written instructions for exchange or transfer satisfactory to the Registrar, signed by the Bondowner or his/her attorney in fact and guaranteed or witnessed in a manner satisfactory to the Registrar; and

  ii. the Bonds to be exchanged or transferred.

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

g. The Registrar shall not be required to exchange or transfer any Bonds which have been designated for redemption if such Bonds are submitted to the Registrar during the fifteen (15) day period preceding the designated redemption date.

h. For purposes of this section, Bonds shall be considered submitted to the Registrar on the date the Registrar actually receives the materials described in subsection (e) of this section.

i. In the event any Bond is mutilated, lost, stolen or destroyed, the Registrar may issue a new Bond of like maturity, interest rate and denomination if the asserted owner of such Bond provides to the Registrar and the District an affidavit, certificate or other reliable proof that the Registrar or the District reasonably finds protects the District from conflicting claims for payment under the Bond.

j. The District may alter these provisions regarding registration, exchange and transfer by mailing notification of the altered provisions to all Bondowners and the Registrar. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than forty-five (45) days after notice is mailed.

## SECTION 8. BOOK-ENTRY SYSTEM

During any time that the Bonds are held in a book-entry only system (the "Book-Entry System"), the registered owner of all of the Bonds shall be The Depository Trust Company, New York, New York ("DTC"), and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. The District has entered into or shall enter into a Blanket Issuer Letter of Representations (the "Letter") wherein the District represents that it will comply with the requirements stated in DTC's Operational Arrangements as they may be amended from time to time.

Under the Book-Entry System, the Bonds shall be initially issued in the form of a single fully registered certificate, one for each maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered by the Registrar on the registration books in the name of Cede & Co., as nominee of DTC. The District and the Registrar may treat DTC (or its nominee) as the sole and exclusive registered owner of the Bonds registered in its name for the purposes of payment of the principal of, redemption price of, and premium, if any, or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving notice as required under this Resolution, registering the transfer of Bonds, obtaining any consent or other action to be taken by the owners and for all other purposes whatsoever; and neither the Registrar nor the District shall be affected by any notice to the contrary. The Registrar shall not have any responsibility or obligation to any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the Registrar as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Bonds; any notice or direction which is permitted or required to be given to or received from owners under this Resolution; the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by DTC as owner; nor shall any DTC Participant or any such person be deemed to be a third party beneficiary of any owners' rights under this Resolution. The Registrar shall pay from moneys available hereunder all principal of and premium, if any, and interest on the Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. So long as the Bonds are held in the Book-Entry System, no person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the Registrar to make payments of principal of and premium, if any, and interest pursuant to this Resolution. Upon delivery by DTC to the Registrar of DTC's written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Resolution with respect to transfers of Bonds, the term "Cede & Co.," in this Resolution shall refer to such new nominee of DTC.

At any time it determines that it is in the best interests of the owners, the District may notify the Registrar, and the Registrar will subsequently notify DTC, whereupon DTC will notify the DTC Participants, of the availability through DTC of Bond certificates. In such event, the Registrar shall issue, transfer and exchange, at the District's expense, Bond certificates as requested in writing by DTC in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the Registrar and discharging its responsibilities with respect thereto under applicable law. If DTC resigns as securities depository for the Bonds, Bond certificates shall be delivered pursuant to this section. Under such circumstances (if there is no successor securities depository), the Registrar shall be obligated to deliver Bond certificates as described in this Resolution, provided that the expense in connection therewith shall be paid by the District. In the event Bond certificates are issued, the provisions of this Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of, premium, if any, and interest on such Bonds. Whenever DTC requests the Registrar to do so, the Registrar will cooperate with DTC in taking appropriate action after written notice (a) to make available one or more separate certificates evidencing the Bonds to any DTC Participant having Bonds credited to its DTC account, or (b) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

## SECTION 9. REDEMPTION

The Bonds may be subject to optional redemption or mandatory redemption prior to maturity as provided in Section 11 hereof.

## SECTION 10. NOTICE OF REDEMPTION

Official notice of redemption shall be given by the District's Registrar on behalf of the District by mailing a copy of an official redemption notice by first-class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond register or at such other address as is furnished in writing by such registered owner to the Registrar, and by publishing the notice as required by law; provided that so long as a book-entry only system is maintained in effect, notice of redemption shall be given at the time, to the entity and in the manner required in DTC's Operational Arrangements, and the Registrar shall not be required to give any other notice of redemption otherwise required herein.

All official notices of redemption shall be dated and shall state, without limitation: (1) the redemption date; (2) the redemption price; (3) if less than all outstanding Bonds are to be redeemed, the identification of the Bonds to be redeemed; (4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption; (5) that interest thereon shall cease to accrue from and after said date; (6) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Bond Registrar; and (7) the assigned CUSIP numbers of all Bonds to be redeemed.

On or prior to any redemption date, the District shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

Any notice of optional redemption given for the Bonds pursuant to Section 10 may state that the optional redemption is conditional upon receipt by the Registrar of moneys sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Registrar to affected owners of the Bonds as promptly as practicable.

**SECTION 11. DELEGATION FOR ESTABLISHMENT OF TERMS AND SALE OF THE BONDS**

The Authorized Representative is hereby authorized, on behalf of the District for a period of six (6) months from the adoption of this resolution and without further action of the Board, to:

a. establish the principal and interest payment dates, principal amounts, interest rates, denominations, and all other terms for the Bonds, including determining whether the Bonds will be issued in one or more series;

b. negotiate the terms with Seattle-Northwest Securities Corporation under which the Bonds shall be sold; enter into a bond purchase agreement for the sale of the Bonds which incorporates those terms; and execute and deliver such bond purchase agreement;

c. appoint an expert advisor to evaluate the pricing of the Bonds, if determined by the Authorized Representative to be in the best interest of the District;

d. appoint a registrar and paying agent for the Bonds;

e. take such actions as are necessary to qualify the Bonds for the book-entry only system of The Depository Trust Company if required;

f. determine whether to issue one or more series as tax-exempt bonds or taxable "Build America Bonds" or other types of bonds that were authorized by the American Recovery and Reinvestment Tax Act of 2009 enter into covenants regarding the use of the proceeds of the Bonds and the projects financed with the proceeds of the Bonds, to maintain the applicable status of the Bonds;

g. designate any series of Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B) of the Code;

h. approve of and authorize the distribution of the preliminary and final official statements for the Bonds;

i. obtain one or more ratings on the Bonds if determined by the Authorized Representative to be in the best interest of the District, and expend Bond proceeds to pay the costs of obtaining such rating;

j. obtain municipal bond insurance on the Bonds if determined by the Authorized Representative to be in the best interest of the District, execute and deliver any agreement required in connection with such insurance, and expend Bond proceeds to pay any bond insurance premium;

k. apply to participate in the Oregon State Guaranty Program, if available and deemed appropriate, and expend Bond proceeds to pay any guaranty premium;

l. approve, execute and deliver a Continuing Disclosure Certificate pursuant to SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12);

m. approve, execute and deliver the Bond closing documents and certificates; and

n. execute and deliver a certificate specifying the action taken by the Authorized Representative pursuant to this Section 11 and any other certificates, documents or agreements that the Authorized Representative determines are desirable to issue, sell and deliver the Bonds in accordance with this Resolution.

## SECTION 12. DEFAULT AND REMEDIES.

The occurrence of one or more of the following shall constitute an Event of Default under this Resolution and the Bonds:

a. Failure by the District to pay Bond principal, interest or premium when due (whether at maturity, or upon redemption after a Bond has been properly called for redemption);

b. Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed for the benefit of Owners of Bonds, for a period of sixty (60) days after written notice to the District by the Owners of fifty-one (51%) percent or more of the principal amount of Bonds then Outstanding specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such sixty (60) day period, it shall not constitute an Event of Default so long as corrective action is instituted by the District within the sixty (60) day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this paragraph; or,

c. The District is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the payments.

The Owners of fifty-one (51%) percent or more of the principal amount of Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default as described in (a) of this Section.

d. Upon the occurrence and continuance of any Event of Default hereunder the Owners of fifty-one (51%) percent or more of the principal amount of Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Resolution or the Bonds or in aid of the exercise of any power granted in this Resolution or in the Bonds or for the enforcement of any other legal or equitable right vested in the Owners of Bonds by the Resolution or the Bonds or by law. However, the Bonds shall not be subject to acceleration.

e. No remedy in the Resolution conferred upon or reserved to Owners of Bonds is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owners of Bonds to exercise any remedy reserved to them, it shall not be necessary to give any notice other than such notice as may be required by this Resolution or by law.

## SECTION 13. DEFEASANCE

The District may defease the Bonds by setting aside, with a duly appointed escrow agent, in a special escrow account irrevocably pledged to the payment of the Bonds to be defeased, cash or direct obligations of the United States in an amount which, in the opinion of an independent certified public accountant, is sufficient without reinvestment to pay all principal and interest on the defeased Bonds until their maturity date or any earlier redemption date. Bonds which have been defeased pursuant to this Section shall be deemed paid and no longer outstanding, and shall cease to be entitled to any lien, benefit or security under this Resolution except the right to receive payment from such special escrow account.

## SECTION 14. ESTABLISHMENT OF FUNDS AND ACCOUNTS

The following funds and accounts shall be created into which the proceeds of the Bonds shall be deposited, which funds and accounts shall be continually maintained, except as otherwise provided, so long as the Bonds remain unpaid.

a. Debt Service Account. The District shall maintain the debt service account in the District's debt service fund for the payment of principal, premium, if any, and interest on the Bonds as they become due. All accrued interest, if any, and all taxes levied and other moneys available for the payment of the Bonds shall be deposited to the debt service account.

b. Project Fund. The District shall maintain the project fund for the purpose of accounting for and paying all costs of the projects and the costs related to the preparation, authorization, issuance, and sale of the Bonds. Any interest earnings on moneys invested from the project fund shall be retained in the project fund. The District's share of any liquidated damages or other moneys paid by defaulting contractors or their sureties will be deposited into the project fund to assure the completion of the projects.

Upon completion of the projects and upon payment in full of all costs related thereto, any balance remaining in the project fund shall be deposited to the Debt Service Account for payment of debt service.

**SECTION 15. DESIGNATION OF BOND COUNSEL AND UNDERWRITER**

The District hereby designates K&L Gates LLP as Bond Counsel for the issuance of the Bonds and Seattle-Northwest Securities Corporation as Underwriter for the issuance of the Bonds.

**SECTION 16. RESOLUTION TO CONSTITUTE CONTRACT**

In consideration of the purchase and acceptance of any or all of the Bonds by those who shall own the Bonds from time to time (the "Owners"), the provisions of this Resolution shall be part of the contract of the District with the Owners and shall be deemed to be and shall constitute a contract between the District and the Owners. The covenants, pledges, representations and warranties contained in this Resolution or in the closing documents executed in connection with the Bonds, including without limitation the District's covenants and pledges contained in Section 4 hereof, and the other covenants and agreements herein set forth to be performed by or on behalf of the District shall be contracts for the equal benefit, protection and security of the Owners, all of which shall be of equal rank without preference, priority or distinction of any of such Bonds over any other thereof, except as expressly provided in or pursuant to this Resolution.

ADOPTED by the Board of Directors of the Central Oregon Community College District, in Crook, Deschutes, Jefferson, Klamath, Lake and Wasco Counties, Oregon this 14th day of April, 2010.

**CENTRAL OREGON COMMUNITY COLLEGE DISTRICT, OREGON**
**CROOK, DESCHUTES, JEFFERSON, KLAMATH, LAKE AND WASCO COUNTIES, OREGON**

By: ________________________________
Chair of the Board of Directors

ATTEST:

By: ________________________________
James Middleton, President of the

Central Oregon Community College

# COCC 2010 Bond Issue Q and A

Exhibit: 8.a2
April 14, 2010

**Question 1: What are general obligation (GO) bonds and can some of the bond dollars be expended on operational costs or salaries?**

**Answer:** General obligation bonds are voter approved long-term liabilities that must be repaid with specific (property taxes) revenues and/or the general revenues of the college. GO bonds are issues for a specific purpose.

No bond dollars or any interest income earned from the temporary investment of the bonds can be expended on operational costs. Project construction costs may include employee salaries from the College's construction office and/or other employee salaries working directly on bond construction projects. By law, all bond resources can only be used for expenditures related to construction projects identified in the bond election ballot title and summary identified below.

*Shall COCC construct and renovate classrooms and instructional facilities by issuing general obligation bonds not to exceed $41.58 million?*

- *New health careers and science buildings in Bend.*
- *New technology education center in Redmond.*
- *Educational campus facilities in Madras and Prineville.*
- *Additional lab, student learning space and clinics for health career programs such as nursing, dental assisting, pharmacy technician and medical assisting.*
- *Renovation of other buildings to address enrollment increases, expand capacity and modernize facilities.*
- *Pay costs of issuing the bonds.*

**Question 2: How many dollars will the bond issue generate for construction?**

**Answer:** The College will issue bonds with a face value of $41.58 million. The actual cash the College will receive may be more or less than the face value of the bonds. The dollars the College receives for construction will be determined at the time of the bonds sale and is dependent on the general market conditions at the time of the sale, the type of bond instrument utilized, the stated interest rate on the bonds, and the investors' perception of the financial strength of the College.

From the bond proceeds, the College will have to pay bond issuance costs. However, the College will earn revenue from the temporary investment of the bond proceeds during the construction process. The College will also receive over $11.4 million dollars from the state in matching funds and there will be some addition grant funds available. Overall, the total funds available for bond construction projects are projected to be over $56 million dollars.

**Question 3: How will the bonds be issued and will local taxpayers have an opportunity to purchase COCC bonds?**

**Answer:** The College will issue bonds utilizing the services of Seattle-Northwest Securities Corp. (SNW) as the underwriter and to provide investment-banking services. In addition, the College has obtained the services of K&L Gates as bond counsel. Together, SNW and K&L Gates will ensure that the College has full authority to issue bonds, the most appropriate type of bond is utilized, the most beneficial rate is obtained, and funds are available when needed for construction.

Yes, local taxpayers will have an opportunity to purchase COCC bonds. SNW will establish a "selling group" consisting of three to six local retail offices in the district. SNW will encourage selling group participation and will target certain maturities for a retail structure. All of this is based on the bond structure that is utilized to obtain the lowest cost debt service while considering the options available with non-taxable bond, Build America Bonds (BAB), and other tax credit bonds.

**Question 4: When will the College issue bonds and what will be the interest rate on the bonds?**

**Answer:** The College is scheduled to sell bonds on May 25th.

The interest rate on the bonds is dependent on a number of factors at the time of the bond sale including the type of bonds issued, the bond rating, general market conditions at the time of the sale, the stated interest rate on the bonds, the bond pricing, and investors' perception of the financial strength of the College.

**Question 5: What is the anticipated bond rating and how does the bond rating impact the bond sale?**

**Answer:** Bond ratings, through Standard & Poor's, range from a high of "AAA" (prime with maximum safety) to a low of "CCC-" (substantial risk in poor standing). As COCC's bond rating is anticipated to be "A", the College will utilize the Oregon School Bond Guaranty Program where the State Treasurer will guarantee the GO bonds and the bonds will be upgraded to a "AA" rating. The College expects to issue bonds with an "AA" (high grade, high quality) rating.

A high bond rating is beneficial as the College will pay lower interest rates. With a high bond rating, investors have greater confidence in the security of their investment. With greater confidence, investors are willing to pay more to purchase bonds with a lower interest rate.

**Question 6: Will tuition and fees go up as a result of the bonds?**

**Answer:** No, tuition and fees are not used to pay for bonds. The annual bond payment is funded entirely through property taxes dedicated for the debt service payment.

**Question 7: How is the annual tax rate of assessed value determined for the bonds and when will I know how much it will be on my tax statement?**

**Answer:** As part of the budget process, the College sends the county the annual debt service amount for the College bonds. This amount is divided by the cumulative assessed value of the entire College district and a rate per $100,000 of assessed value is calculated. This rate is then applied to each parcel's assessed value and a tax is calculated and placed on each property tax statement. Each year the rate will be recalculated, so as assessed values for individual parcels change, so will the rate and the tax for each property.

It is anticipated that the rate will be less than $.12 per $1,000 of assessed value. For a home with an assessed value of $200,000, it will be less than $24 per year.

**Question 8: How soon will the bond construction projects begin, and how will these bond construction projects impact the local job market?**

**Answer:** The College has already started the process to construct buildings with bond funds. An architect has been selected and the College is in the latter part of the design phase for the Health Careers building. The College hopes to complete the construction bid process early this summer and begin construction of the Health Careers building by fall term of this year. A second building, the Madras educational facility, is also expected to begin construction later in 2010. Construction of the other three buildings (Science, Prineville, and the Technology Center) and the Ochoco remodeling projects are expected to begin in 2011.

The impact on the local job market will be significant. Although the number of jobs will vary depending on the specific project and the requirements of each project, it is projected that the COCC bond construction projects will generate the equivalent of approximately 100 full-time jobs for the five-year duration or the equivalent of 25,000 job weeks.

**Question 9: How much is budgeted for each project, and how is that amount determined?**

**Answer:** Consistent with the information provided with the bond election, the College anticipates constructing five buildings and remodeling Ochoco Hall. The total construction cost, including bond proceeds, state funds, interest and other resources, is estimated to be approximately $56,550,000. However, these amounts are preliminary estimates and are subject to change based on the resources available, program design, construction costs, equipment needs, and other construction related factors. Working with construction consultants and identifying program needs with College staff, the following projected amounts have been identified for each project.

- Health Careers Building $18,000,000
- Madras Education Center $ 1,800,000
- Science Building $23,000,000
- Prineville Education Center $ 750,000
- Technology Center $11,700,000
- Ochoco Remodeling $ 1,300,000

**Question 10: What about the costs of operating these new buildings?**

**Answer:** When the new buildings open, there will be expenses for general operational building costs including electricity, air conditioning, heat, custodial, and general maintenance normally associated with the cost to operate and maintain buildings. The General Fund budget includes these general operating expenses. As none of the building will be open until after June 2011, there is no impact on the 2010-11 General Fund budget, and the college has included increased operational costs for these new building in the budget forecasts.

The bond construction buildings will provide new and additional educational opportunities and services for students. These new and additional educational opportunities and services should also provide increased resources through tuition & fees and state revenue that can be used to cover building maintenance costs.

Exhibit: 8.b
April 14, 2010
Approve: ____ Yes ____ No
Motion: __________

**CENTRAL OREGON COMMUNITY COLLEGE**
**BOARD OF DIRECTORS**
**Resolution**

Prepared by: Alicia Moore, Dean of Students and Enrollment Services

**A. Action under Consideration**

2010-11 Juniper Residence Hall room and board rates.

**B. Discussion/History**

COCC's Board of Directors set the Juniper Hall room and board rates each spring. To establish COCC's proposed rate, staff review the room and board rates at other Oregon institutions; this year's review included Treasure Valley Community College, Southwestern Oregon Community College, Western Oregon University and Eastern Oregon University. In comparing 2009-10 rates to tentative 2010-11 rates, increases at other Oregon institutions range from a three to ten percent increase. A strict "apples to apples" comparison, however, is difficult as each institution has different factors in determining their combined room and board rates (different meal plan options; different room configurations; larger quantity of overall housing).

COCC contracts with Sodexo America for on-campus food service, which includes a mandatory meal plan for residence hall students. Due to increase in food prices and staff benefit costs, Sodexo proposed a 4% increase for the board plan. Working from this base, COCC staff wanted to minimize the room rate increase, while acknowledging increase in various expenses. As such, staff propose a 3.7% increase in room rates. Note that the room rates cover items such as wireless internet access, cable TV access, program and event costs, staffing costs and a building reserve fund contribution (used for annual building maintenance needs and upgrades).

Proposed 2010-11 room and board rates are:

| | 2009-10 Room | 2009-10 Board | Total | | 2010-11 Proposed Room | 2010-11 Proposed Board | 2010-11 Proposed Room & Board Total |
|---|---|---|---|---|---|---|---|
| Fall | $1,950 | $1,161 | $3,111 | | $2,020 | $1,208 | $3,228 |
| Winter | $1,689 | $1,088 | $2,777 | | $1,752 | $1,132 | $2,884 |
| Spring | $650 | $1,088 | $1,738 | | $676 | $1,132 | $1,808 |
| | $4,289 | $3,337 | $7,626 | | $4,448 | $3,472 | $7,920 |

**C. Options/Analysis**

Approve proposal as is.
Recommend a different rate.

**D. Timing**

Action requested at this meeting so that staff may contact prospective students about 2010-11 room and board rates and issue contracts to ready students.

**E. <u>Recommendation</u>**

Be it resolved that the governing Board of Central Oregon Community College adopt a 4.0% increase for the 2010-11 residence hall board rates and a 3.7% percent increase for the 2010-11 residence hall room rates.

**F. <u>Budget Impact</u>**

This rate change will increase the residence hall operations account by approximately 3.8% over last year's estimated revenues.

Exhibit: 8.c
April $7^{th}$, 2010
Approval ____Yes ____No
Motion: _____

Central Oregon Community College
**RESOLUTION**

Prepared by: Gene Zinkgraf-Director of Campus Services
and Julie Mosier-Purchasing, Procurement and Facilities Scheduling Coordinator

## A. Action Under Consideration

Authorize President Middleton or his designee to approve prequalification process for contractors on identified public improvement projects.

## B. Discussion/History

The purpose of Prequalification is to review and ensure that contractors submitting bids to do work for the College are adequately experienced, equipped and financed to meet their contractual obligations. The procedures for prequalifying construction contractors shall not be construed to restrict competition, prevent the submission of a bid, or prohibit the consideration of a bid submitted by a prequalified contractor. Prequalification helps protect taxpayer dollars and limits College liability.

Some public improvement projects may require a specific set of expertise. The prequalification process is an excellent method to pre determine contractors with that set of expertise/experience, and prequalify them to ensure that all contractors bidding on a project will have the resources necessary to successfully complete their contract if awarded.

Oregon Revised Statutes allow the owner to prequalify contractors if it wishes (ORS 279.430). The statute specifically states that, "A contracting agency may adopt a rule, resolution, ordinance or other regulation requiring mandatory prequalification for all persons desiring to bid for public improvement contracts that are to be let by the agency". This is also a design, bid, build project delivery method but only those persons prequalified are allowed to bid the project. Such prequalification procedures are used by numerous contracting agencies including the City of Portland and Lane Community College. Standards of prequalification are set out in the Oregon Administrative Rules.

## C. Options/Analysis

Authorize President Middleton or his designee to approve prequalification process for contractors on identified public improvement projects.
Do not authorize President Middleton to approve prequalification process for contractors on identified public improvement projects.

**D. Timing**

Approval at this time will enable the College to initiate prequalification processes as desired and maintain the timelines for current construction projects.

**E. Recommendation**

Be it resolved that the Board of Directors do hereby authorize President Middleton to approve prequalification process for contractors on identified public improvement projects.

**F. Budget Impact**

There will be no impact to the budget.