



October 23, 2018

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3452 Spur 399

P.O. Box 8021

McKinney, Texas 75070

P | 972.758.3800

F | 972.758.3807

nmatkin@collin.edu

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Brenda McDonald
President
CCCCDF Student Housing Foundation Board of Directors
5800 Jupiter Rd.
Plano, TX 75074

Tammy McSwain
Foundation Board Chair
Collin County Community College District Foundation, Inc.
3425 Spur 399
McKinney, TX 75069

RE: Proposed termination of Ground Lease Agreement dated November 1, 1998 ("Ground Lease" or "Lease") between the Collin County Community College District ("College") and the CCCCDF Student Housing Foundation ("Student Housing Foundation")

Dear Ms. McDonald and Ms. McSwain,

This Letter of Intent shall confirm the desire of the College's Board of Trustees to agree with the Student Housing Foundation to terminate the Ground Lease and thereby take over the ownership, operation and management of the Century Court Student Housing facilities, the subject of the Lease, at the College's Spring Creek Campus on the terms and conditions set forth below.

While the College and the Student Housing Foundation (collectively, the "Parties") acknowledge that this letter is not intended to be enforceable against either Party, it shall serve to outline the basic principles and understandings to be embodied in a definitive contract (the "Termination Agreement") which, if and when executed and subject to the conditions set forth therein, shall become binding on each of the Parties. Neither Party shall rely on the basic principles and understandings contained herein. Each party shall continue their current position until the Termination Agreement is executed. Neither Party shall be bound until the Termination Agreement is signed by both Parties.

Within that framework the following is proposed:

1. Confirmation of Lease Terms. The Parties acknowledge and agree that under the Lease, the College, as lessor, is the owner

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of the Premises,¹ including the real property on which the Century Court Student Housing facilities are located and the improvements constructed on the property. The Parties further acknowledge and agree that the Student Housing Foundation, as lessee,² holds a leasehold estate in the Premises for the Term, which ends on the earlier of August 31, 2044 or when all mortgage debt against the Student Housing Foundation's leasehold estate has been paid.³

2. Mutual Cooperation/Due Diligence. The Parties agree that they will reasonably cooperate with one another so that the College may (a) perform due diligence with respect to potentially taking over the operation and management of Century Court Student Housing, including all financial, legal, insurance/risk management, human resources and long-range planning concerns; (b) review the Century Court Student Housing facilities' current policies and plans for the operation, management, maintenance, repair and improvement of the Century Court Student Housing facilities; and (c) develop and put into effect comprehensive short- and long-range plans for the operation, management, maintenance, repair and improvement of the Century Court Student Housing facilities provided that the Lease is terminated as contemplated herein. For example, the Student Housing Foundation shall provide to the College the following: (i) copies of all financial statements relating to the operation and management of the Century Court Student Housing facilities, including comprehensive cash flow analyses, for the current fiscal year and the preceding three fiscal years; (ii) books and records relating to the assets, liabilities and operations of the Century Court Student Housing facilities as well as a written list and accounting of any outstanding insurance claims, legal proceedings, known legal claims or demands and known casualty affecting the Premises;⁴ and (iii) copies of all current Tenant lease agreements and other sublease agreements.⁵ The College shall

¹ All capitalized terms not otherwise defined in this letter have the meanings ascribed to them in the Lease.

² Pursuant to that certain Bill of Sale and Assignment dated September 17, 2002, the Collin County Community College District Foundation, Inc., original lessee under the Lease, assigned all of its "rights, titles and interests" in and to the Lease to the Student Housing Foundation. The Student Housing Foundation also assumed the Collin County Community College District Foundation, Inc.'s rights, duties and responsibilities under the Loan Agreement dated November 1, 1998 ("Loan Agreement"), which served as the financing mechanism for the construction of the Century Court Student Housing. The College consented to both the assignment and the assumption in that certain Consent to Assignment and Assumption and Release from Lease dated September 16, 2002.

³ Lease § 1.03.

⁴ See Lease § 7.04 (governing insurance claims and casualty notice).

⁵ See, e.g., Lease § 16.02 (authorizing the Foundation to sublease to any person providing laundry services).



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engage the law firm of McCall, Parkhurst & Horton, L.L.P. to act as bond counsel to the College and the firm of Hilltop Securities, Inc. to act as financial advisors to the College, at the College's sole cost and expense, to assist the College in conducting due diligence with respect to the transactions contemplated herein.

3. Inspection of the Premises. The Student Housing Foundation shall permit the College and its agents, representatives and employees to enter onto the Premises and perform comprehensive inspections of all portions of the Premises in accordance with Section 5.04 of the Lease.⁶ Such persons shall use "best efforts" not to disturb tenants during any such inspections.
4. Certification of Outstanding Mortgage Debt. The Student Housing Foundation shall provide a certified statement to the College of the source and amount of all outstanding mortgage debt encumbering the Premises, including the outstanding student housing revenue bonds subject to the Loan Agreement. Provided that the College desires to proceed with the proposed termination of the Lease after conducting all necessary and appropriate due diligence, and after execution by all parties of the Termination Agreement contemplated in paragraph 5 and before the closing date of the transaction, (a) the College, as consideration for the early termination of the Ground Lease, will agree to place into escrow a sum equal to the amount of outstanding mortgage debt, less investment balances held in accounts owned by the Student Housing Foundation at BNY Mellon, whether required as a condition of the bond indenture or otherwise, encumbering the Premises as authorized under the Lease (the "College Escrowed Funds"), provided that all bond issuer(s)/mortgagee(s) agree to accept payment of the mortgage debt in return for the bond issuer(s)/mortgagee(s) releasing any and all rights under the Lease, including any rights set forth in Section 6.02 of the Lease; and (b) before the closing date of the transaction, the Student Housing Foundation will agree to place into escrow a sum equal to the amount of the investment balances held in accounts owned by Student Housing Foundation at BNY Mellon plus a portion (to be determined in the Termination Agreement as recognized operating reserves) of the balances of accounts owned by Student Housing Foundation at American National Bank (collectively, the "SHF Escrowed Funds" and together with the College Escrowed Funds, the "Combined Escrow Funds").

⁶ Lease § 5.04 (authorizing the College and its agents, representatives and employees to enter on the Premises at "reasonable times" to perform inspections; such persons must use "best efforts" not to disturb tenants during any such inspections).



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5. Termination Agreement. Provided that the Parties agree to proceed with the proposed termination of the Lease, the Parties shall enter into the Termination Agreement specifying that the Student Housing Foundation and the College agree to the termination of the Lease and will release each other from any claims or defaults under the Lease once the College pays the College Escrowed Funds to the Student Housing Foundation via the designated escrow agent and the Student Housing Foundation authorizes and directs the designated escrow agent to pay the Combined Escrow Funds to the authorized bond issuer(s)/mortgagee(s) and the Ground Lease is terminated. Provided that the Parties agree to proceed with the proposed termination of the Lease, the governing bodies of both Parties shall adopt a resolution authorizing execution of the Termination Agreement. Upon receiving a fully executed copy of the Termination Agreement and accompanying resolutions, (a) the College shall direct the College Escrowed Funds to be paid to the authorized bond issuer(s)/mortgagee(s), thereby satisfying a portion of the outstanding mortgage debt encumbering the Premises, for the public purpose of taking over and improving the operations of the Century Court Student Housing facilities, so as to provide affordable housing to the College's students at its Spring Creek Campus; and (b) the Student Housing Foundation shall direct the SHF Escrowed Funds to be paid to the authorized bond issuer(s)/mortgagee(s), thereby satisfying all outstanding mortgage debt encumbering the Premises. As of the date of this letter, the College has not issued a notice of default under the Ground Lease to the Student Housing Foundation and does not have any current intent to do so. Concurrently with the termination of the Ground Lease, the College and Student Housing Foundation each agree to execute further documentation as may be reasonably necessary to assign/assume rights and obligations of the Student Housing Foundation under leases or subleases with tenants of the Student Housing facilities.
6. Recordation of Termination Memorandum. Once the Parties have received confirmation that all of the outstanding mortgage debt encumbering the Premises has been paid in full, the Parties shall memorialize the Lease termination in a written memorandum that the College shall file in the Collin County Real Property Records.⁷ The Parties also shall provide prompt notice of the Lease termination to all tenants and other sublessees of Century Court Student Housing.

⁷ See Lease § 20.05 (requiring the filing of a memorandum of lease).



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7. Prorations. All taxes, operating costs and similar items will be prorated as of the date of the termination of the Lease in the manner customary in connection with the conveyance of property in Collin County, Texas and reproporated upon receipt of actual bills.
8. Commissions. The College and Student Housing Foundation represent to each other that there are no real estate commissions, finder's fees or the like payable with respect to the transactions contemplated herein.
9. Century Court Student Housing after Lease Termination. Provided that the Lease terminates as contemplated herein, the College will agree to the use best efforts to achieve the following:
 - a. For each of the then-current, full-time employees of the Student Housing Foundation (but in no event more than five (5) employees), the College will directly pay to such individuals an amount equal to the usual and customary compensation rate that would have been earned by such individuals during a standard work period for a period not to exceed 90 days after the date of termination of the Lease as transition payments. Such payments shall not include benefits of any character, and such payments shall be paid on the regular payroll dates of the College. Such individuals shall not be employees of the College;
 - b. The College will make employment opportunities available to the then-current employees of the Student Housing Foundation, subject to the College's usual and customary employment policies and practices;
 - c. The College will form an advisory committee comprised of the Executive Director and Board members of the Student Housing Foundation to advise the College's Board of Trustees regarding the operations and management of the Century Court Student Housing facilities;
 - d. The College will continue using positive cash flow received from the operation of the Century Court Student Housing facilities to fund scholarships for students attending the College; and
 - e. The College will operate the Century Court Student Housing facilities as an auxiliary service of the College subject to the normal governance oversight of the College's Board of Trustees which includes but is not limited to



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establishing policies for operation of the student housing units and establishing financial controls and annual budgets.

10. Student Housing Foundation after Lease Termination. The Parties recognize that the Student Housing Foundation may elect to continue operations following the termination of the Lease as contemplated herein. In particular, the Student Housing Foundation may, in the discretion of the Student Housing Foundation Board, elect to do the following:
- a. The Student Housing Foundation may continue to operate as a non-profit entity through a 90-120 day transitional/wind down period (the "Transition Period") while continuing to be cooperative with the other Parties.
 - b. During the Transition Period, the Student Housing Foundation Board will assure that all debts, obligations and related matters have been addressed and that no financial liabilities remain.
 - c. At the end of the Transition Period, the Student Housing Foundation Board will certify that all obligations have been fulfilled and may, in its discretion seek dissolution of the Student Housing Foundation.
11. Authority. The College's Board of Trustees, at their regularly scheduled meeting on December 12, 2017 has authorized the District President to negotiate and execute this Letter of Intent.
12. Texas Law. The Termination Agreement shall be governed and interpreted in accordance with the laws of the State of Texas with respect to all matters pertaining hereto. If these basic business points are acceptable to the Student Housing Foundation, please acknowledge acceptance and confirm your intent by signing and returning to the undersigned a copy of this letter within thirty (30) days of the date of this letter.

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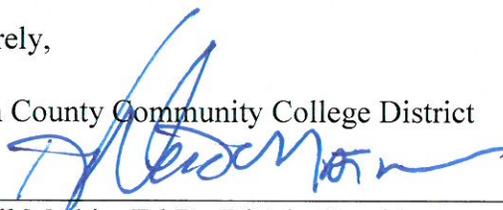
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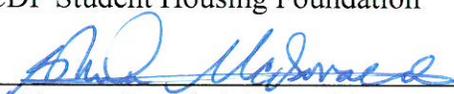
Sincerely,

Collin County Community College District

By: 
 H. Neil Matkin, Ed.D., District President

Agreed to and accepted this 23rd day of October, 2018:

CCCCDF Student Housing Foundation

By: 
 Printed Name: Brenda McDonald
 Its: President

Collin County Community College District Foundation, Inc.,
Sole Member of CCCCCDF Student Housing Foundation

By: _____
 Printed Name: Tammy McSwain
 Its: Foundation Board Chair

Sincerely,

Collin County Community College District

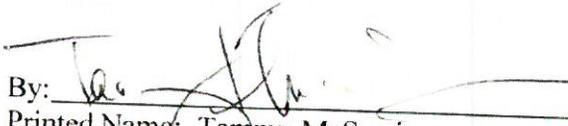
By: _____
H. Neil Matkin, Ed.D., District
President

Agreed to and accepted this ____ day of _____, 2018:

CCCCDF Student Housing Foundation

By: _____
Printed Name: Brenda McDonald
Its: President

Collin County Community College District
Foundation, Inc.,
Sole Member of CCCCCDF Student Housing
Foundation

By:  _____
Printed Name: Tammy McSwain
Its: Foundation Board Chair