

Three Rivers School Board of Directors met for a special session, Thursday, April 5, 2012 at the Three Rivers District Administration Office, 8550 New Hope, Grants Pass, Josephine County, Oregon at 7:00 p.m.

PRESENT: Ron Lengwin, Chairperson of the Board, Zone V PRESENT
Bob Litak, Member of the Board, Zone I
Jadd Horban, Member of the Board, Zone II
Leslie Meier, Vice-Chairperson of the Board, Zone III
Ron Crume, Member of the Board, Zone IV
Debbie Breckner, Director of Human Resources
Doug Ely, Director of Student Services
Peter Maluk, Director of Elementary Education

Also Present: Stacey Denton, Richard Ziff, Wensdae Davis and Shelly Quick/ Recording Secretary. ALSO PRESENT

Board Chair Ron Lengwin called the meeting to order at 6:30 PM and led the audience in the Pledge of Allegiance. CALL TO ORDER

Director Peter Maluk reported there were three areas where language change occurred since the board last received a copy. The current proposal is cost neutral. The new legislation opened the door for the district to revisit their application and given all the negotiations believe that we have an agreement that is going to be cost-neutral other than the fact that we will be at one time looking at selling the land. WOODLAND CHARTER SCHOOL—LEASE AGREEMENT

The location being changed from one property to another is the reason for the changes that have occurred since the 27th.

- Item 1.1—Premises. Changed acreage to actual size of the lot, 19 acres.
- 5.3—LESSOR’s Obligation to Develop and Maintain Water System. New language defines point of connectivity for water supply more clearly, usage and first rights to the well. All items regarding the water rights are now defined more clearly. Member Litak provided additional revisions that will commit the district to locate problems, but does not require the district to pay for it.
- 19.1—Option to Purchase. Option to purchase shall expire two years from the date the option becomes available in 2015.

Member Meier expressed concern about the option to purchase. She stated she intends to vote against the lease. Member Meier’s concern is that the board is rushing in to this and committing themselves to some very specific conditions for purchase and perhaps going about it backwards. When we have looked at other pieces of property we have considered selling, we have gotten an appraisal first and had discussions. Member Meier’s suggestion is that they take up the subject of purchase after the initial renewal of the Charter. Her recommended wording: *19.1 Term*—lessor hereby grants the lessee an exclusive option to purchase the premises beginning after the initial renewal of the term of the charter in 2015 and upon approval of the Three Rivers School District Board on or after January 1, 2015 (6 months before the renewal) and this right shall expire two years from the date this option is approved by the Three Rivers School District Board and the property will then be

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purchased within twelve months of the completion of an agreed upon appraisal/price.

Wensdae Davis responded that for Woodland Charter their main concern is the large amount of money that they are investing in to the property. One of the main reasons for them to switch from the original 5 acre over to the 19 acre piece was the idea that the 19 acre piece would have less impact on the high school and possibility for them to purchase the property and develop it.

Member Horban stated he agreed with the long-term goal and the option to purchase to achieve their goals and opportunity for growth. There is a potential opportunity for selling a parcel of land that is not being used.

Member Crume explained that he does not feel good about removing the option to purchase clause. The WCS folks have put a lot of good faith effort into changing locations due to the possibility of being able to purchase the property.

Ms. Davis explained the difference for them between having an option to purchase or not could mean them having a school or not. If they can't get funding from foundations from the families it could make it or break it for them.

- 19.2—Purchase Price. The new language asks for two independent appraisals paid for by WCS. The District could do a third at their own cost if they felt it was necessary.

Member Meier stated she has an issue with 'reduced by the appraised value of all capital improvements'. The reduction should only reflect the amount for improvements that increase the value of the property, Not all improvements will raise a selling price. Director Maluk responded that the language does not reflect all money invested—it reflects on the appraised market value.

Member Litak asked what will happen after the three appraisals? Will add "the district reserves the right to establish the final selling price".

- 19.3—Conditions to Purchase. Lessors right to lease back the section of land up to the current retained acreage not currently leased to lessee or another similar portion (approximately 6 acres). The need will probably never come up, but there in case of need. Will add language to identify the six acres (under advise of attorney).

Member Meier asked if our attorney has reviewed the lease with the most recent changes? Director Maluk stated that she had read it over as of a couple of days ago. Member Meier recommended that if the rest of the Board decides to approve the lease that it be subject to approval of the language changes by our attorney.

Member Meier stated she has other questions about the lease that have not yet been discussed:

- 11.2—Damage and Restoration. OK—Has been reviewed by our attorney.
- 12.1—Comprehensive General Liability Insurance. Insurance limits seem low. Insurance figures recommended by our insurance carrier. Medical expense seems low. Personal injury at \$1 million.
- 12.2—Waiver of Subrogation. Standard language.
- 15.4—Prior Conditions and Third Party Acts. Revise March 14 to date of approval.

Superintendent Huber-Kantola explained the importance of following parliamentary procedure and when it's time for a motion:

- Approve the lease with the following changes (listed)
- Get a second
- Discussion
- Any changes after that, the motion would need to be amended

Member Litak question:

- 7.—Alterations and Improvements. Would like the Board to approve plans as they (WCS) go along. Some language added to lease. Exhibit 'C' to be removed.
- 11.1—Change last line from LESSOR to LESSEE?

Director Maluk reported that the proposed parcel of land is zoned for educational purposes only. Ms. Denton reported that during the initial title review there was nothing that came up in terms of restrictions or easements.

Member Crume made a motion to approve the lease with the following documented revisions and all language and changes be reviewed and approved by the Three Rivers School District attorney:

- *5.3—LESSOR's Obligation to Develop and Maintain Water System.* Revised to state: At any time during which the water supply system does not deliver clean drinking water as described in the immediately preceding sentence, LESSOR will diligently pursue the cause of the contamination.
- *7.—Alterations and Improvements.* Revised: LESSOR shall be deemed to have given consent to any improvement thirty (30) days after LESSEE delivers to LESSOR adequate plans and specifications for the improvements and the LESSOR does not respond within the 30 day period. Also added: All planned changes and improvements to the premises must be presented and approved by the LESSOR before work begins.
- *11.2—Damaga and Restoration.* Will check with attorney to see if it should be . . . beyond LESSOR's or LESSEE's reasonable control.
- *15.4—Prior Conditions and Third Party Acts.* Change reference date from March 14, 2012 to the actual date of approval.
- *19.2—Purchase Price.* Revised: LESSOR hereby grants LESSEE an exclusive option to purchase the premised five years after the initial lease is granted (April, 2017) or earlier subject to Three Rivers School District Board approval on the terms and conditions . . . Added: The LESSOR may choose to have a third REVISED appraisal done if deemed necessary and will cover the costs of this third optional appraisal. Three Rivers School District commits to bargaining in Good Faith and reserves the right to establish the final selling price.
- Exhibit 'C' to be removed.

Member Horban seconded the motion.

Member Litak recommended the following amendment to section 7—LESSOR shall be deemed to have given consent to any improvement thirty (30) days after LESSEE delivers to LESSOR adequate plans and specifications for the improvements and the LESSOR does not respond within the 30 day period.

Members Crume and Horban agreed with the amendment.

Member Meier commented that she is still planning to vote no for the reasons stated earlier. She is not comfortable with committing to a purchase. She wanted to make it clear that is her only objection. She likes the changes the Board has made, but in good conscience cannot vote for it because she feels they are rushing in to committing to the purchase.

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A vote was called for and passed 4-1, Member Meier opposing.

APPROVED

WOODLAND CHARTER SCHOOL—CHARTER CONTRACT

Director Maluk stated that since the document was sent out on 3/27 he has not received any questions or requests for changes.

- *4(b) - Equitable Principles*—We removed the portion that referenced preferential treatment for the founders. The Charter can still ask for a waiver from the state, with or without our okay.
- *6(a)(2) - Special Education Procedures*. Requests WCS notify the Three Rivers School District Director of Education about the potential enrollment of any special education students.
- *7(3) - Suspension and Expulsion*. WCS will notify and consult with Three Rivers School District about any suspension with a pending recommendation for expulsion. Resident district of the expelled student is responsible for offering two placement options.
- *8(2)(g) - Transportation*. Updated to WCS entitled for reimbursement for costs occurred.

Member Meier felt there was the same issue again with the insurance coverage in that she feels the limits are too low.

Member Litak had the following issues:

- *4(b) - Equitable Principles*. On item #5 should state “. . . Are not eligible under categories 1 through 4 (not 5)”. Will be corrected.
- *7(b) - Suspension and Expulsion*. Revised the last paragraph which had a 3 to 5 day window to notify the District. Changed to 5 days.

APPROVED

Member Meier moved to approve the Charter Contract as modified. Member Litak seconded and the motion passed unanimously.

Adjourn at 8:25 PM

ADJOURN

Ron Lengwin
Chairperson of the Board

Dan Huber-Kantola
Superintendent-Clerk