

8-25-1961

Board of Trustees Minutes, August 25, 1961

Eastern Washington College of Education

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Eastern Washington College of Education
MINUTES FOR BOARD OF TRUSTEES MEETING
7:30 p. m., Friday, August 25, 1961
Empire Room, Davenport Hotel, Spokane

The meeting of the Board of Trustees of Eastern Washington College of Education was called to order at seven-thirty, Friday evening, August 25, 1961, with the following personnel present: Mr. Harvey E. ickson, chairman; Messrs. Melvin Voorhees and Joe M. Smith, Mesdames Zelma Morrison and Marjorie Tanke, members; Dr. Don S. Patterson, president of the college; Mr. Fred S. Johns, secretary; Mr. Marion H. Surbeck, Director of Physical Plant; and Mr. Orland Killin, President of Faculty Organization.

ACQUISITION OF PROPERTY FOR DORMITORY

The chairman reported that Mr. P. A. Billesbach, owner of one of the parcels of land on the proposed dormitory site, had called on him and had stated that the state Lease and Property Agent had made an offer of \$6,000 for the property, which in Mr. Billesbach's opinion was far below its value. The chairman also reported that he had received a condemnation petition sent to him for signature. The board discussed the procedures for acquisition of property and the relationship of the authority of the Department of General Administration to the statutory powers and duties of the board. Dr. Patterson explained that the Purchasing Act of 1959 gave the Director of General Administration responsibility for acquiring property for all state agencies, and that a 1961 amendment exempted the purchase of land by colleges. Negotiations for acquisition of the property in question were begun in 1960 before the law was amended, and therefore the college was required to work through the Lease and Property Agent at that time. When the amendment became effective in June, 1961, the college requested the Lease and Property Agent to continue with the negotiations.

It was moved by Mr. Smith that the chairman be instructed not to sign the condemnation petition. Motion was seconded by Mrs. Morrison and carried.

It was moved by Mr. Smith that the chairman advise the Attorney General of the board's desire to renegotiate the price of the properties involved with the owners and not to proceed with the condemnation action unless negotiations should fail to result in an agreement. Motion seconded by Mrs. Morrison and carried.

LOAN AGREEMENT WITH HOUSING & HOME FINANCE AGENCY

Mr. Robert Blair, appointed by the Attorney General as bond counsel for the college in the financing of the proposed dining hall and men's dormitory, appeared and explained the provisions of the

Loan Agreement between the college and HHFA for \$2,900,000 to finance the project. Mr. Blair stated that the agreement was in order and advised acceptance by the board. Mr. Smith moved and Mrs. Tanke seconded the motion, that the resolution approving the loan agreement be adopted. Motion carried. (Loan agreement and resolution attached)

APPROVAL OF MINUTES FOR JUNE 23rd MEETING

Mr. Voorhees noted an error on page 2 and omissions on pages 6 and 7. The chairman directed the secretary to correct the error and include the omissions, and ruled that the minutes stand approved as corrected.

EMPLOYMENT OF PUBLIC ADMINISTRATION SERVICE FOR CLASSIFICATION AND PAY PLAN INSTALLATION

Dr. Patterson reported that PAS had proposed to install a classification and pay plan covering all positions in the classified staff service at a cost not to exceed \$1,000. Mrs. Morrison stated that the Personnel Committee recommended acceptance of the proposal by the board. Mrs. Morrison made the motion, seconded by Mr. Voorhees, that PAS be retained for this project. Motion carried.

RESIGNATIONS, NEW APPOINTMENTS, TRAVEL AND SALARY ADJUSTMENT

It was moved by Mr. Voorhees, seconded by Mr. Smith, that the following recommendations be approved. Motion carried.

Resignations

- Ernestine Heck, second assistant to breakfast and lunch cook, as of June 9
- Inez Carpenter, junior secretary, office of Dean of Students, as of July 31, plus five days of accrued leave
- Viola Morse, assistant cashier, business office, as of August 4, plus one and one-half days accrued leave

New Appointments

- Betty Jean Rose, clerk, registry office (replacement) at \$225 per month as of July 1, 1961
- Carol Hill, junior secretary, office of the Dean of Students, (replacement) at \$260 per month as of August 14
- Phyllis M. Landon, assistant cashier, business office, at \$225 per month as of August 7 (replacement)

New Appointments (cont'd)

Allan J. McCombs, landscape gardener, withdrawal of former resignation and reappointment as of September 1, 1961, at \$5200 for twelve months (new position)
 Marie Standefer, second assistant to breakfast and lunch cook, at \$215 per month as of September 26 (replacement)
 Karen Kennedy, assistant hall director, LA Hall, at \$50 per month plus room and board as of September 18, 1961, to June 9, 1962

Benard H. Taylor, part-time counsellor (3/4) in Student Personnel Service, and part-time (1/4) teaching in Division of Education, eleven months employment as Assistant Professor, employment to begin on January 2, 1962, at base salary of \$6700 for nine months, or \$8188.84 for the eleven months provided he comes with the doctorate completed; or at a base pay of \$6500 for nine months, or \$7944.42 for eleven months if doctorate is incomplete.

Archie Hornfelt, as instructor in industrial arts, at base salary of \$5600 for 1961-62

Tieh-cheng Chin, as serials and reference librarian, at \$7000 for eleven months, with a possibility of being used to teach elementary Chinese in the Foreign Language Department

1961 Summer School Consultants at Lakeland Village Workshop

Jack L. Orchard -----	\$25.00
Edgar A. Doll -----	130.00
Thomas Rowland -----	60.00
Robert H. Southcombe -----	25.00
Jacqueline Benzel -----	73.70

David H. Burr, instructor in drama, at \$5600 for 1961-62
 Gerald Frank Estes, acting instructor in business (replacement) at \$5600 for 1961-62

LEAVE OF ABSENCE

The board approved Dr. N. Wm. Newsom's request for a leave of absence for 1961-62 to travel study in libraries, and for recreation.

Travel

- Mr. Kenneth A. Johnson, San Jose, California, \$121.50 travel for personal interview as candidate for principal of campus school
- ✓ Edgar I. Stewart, to study Asian Civilization programs at schools in the Bay Area, August 21-25, \$149 travel
- ✓ Roland B. Lewis, to attend Stanford Cubberly Conference on Education, July 21-29, common carrier rate
- ✓ Darrell P. Morse, to attend Pacific Coast Branch, American Historical Association, San Jose, August 29-31, \$145 travel
- Six students to attend USNSA 14th National Congress, Madison, Wisconsin, \$154.45 each

Adjustment in Miss Johnson's Salary

To correct a discrepancy of \$200 in the annual salary for Miss E. Myrle Johnson, from \$8700 plus room and board, to \$8900 plus room and board (ceiling on her salary)

INCREASE IN OUT-OF-STATE PER DIEM

Mrs. Tanke moved, seconded by Mr. Voorhees, that the per diem for out-of-state travel in those cities where the higher costs are justifiable be increased from \$15 to actual costs not to exceed \$20.00. Motion carried.

ADVANCE CALL OF DORMITORY REVENUE BONDS OF 1956

Mr. Johns reported that there are sufficient surplus funds in the Dormitory Interest and Sinking Fund to call \$28,000 of the Dormitory Revenue Bonds of 1956 in advance of the maturity date. Dr. Patterson recommended that 28 bonds be called at par plus accrued interest on October 1, 1961. Mrs. Tanke moved that Dr. Patterson's recommendation be approved and Mr. Smith seconded the motion, which was declared carried, and Mr. Johns was directed to call these bonds as recommended.

PAYMENT OF ARCHITECTURAL FEES

Mr. Johns reported that the architects for the dormitory and the dining hall have submitted billings for the amounts earned to date under their contracts, and recommended that these bills be paid now from the Halls of Residence Fund, with that fund to be reimbursed from the construction fund after ~~interim~~ interim financing has been arranged. He stated that the HHFA Area Finance Officer in Seattle had approved this procedure. It was moved by Mr. Voorhees and

seconded by Mrs. Tanke that the comptroller pay to Culler, Gale and Martell, and to Funk, Murray and Johnson the amounts due them under their contracts, the payment to be made from the Halls of Residence Fund, with that fund to be reimbursed from the construction fund after construction contracts have been awarded.

Motion carried.

SIGNATURE ON DOCUMENT TRANSMITTAL

Dr. Patterson recommended that the comptroller be authorized to sign document transmittals accompanying vouchers sent to Central Budget Agency for warrant preparation. Mr. Voorhees moved that the recommendation be approved, seconded by Mr. Smith. Motion carried, with Mrs. Morrison voting "naye".

ARCHITECTURAL CONTRACTS FOR REMODELLING PROJECTS

Mr. Johns reported that after the June 23 board meeting at which the board voted to award three remodelling projects to the firm of Evanoff and Kabush, it was discovered that contracts covering two of the projects had been signed by Mr. George Rasque and Mr. Clyde Fenn, Supervisor of the Division of Engineering and Architecture. Contract No. 577, covering alterations to buildings for conformity to State Fire Marshall requirements was signed on November 17, 1959, and Contract No 619 covering installation of an elevator in Showalter Hall, was signed on February 2, 1960. Dr. Patterson stated that he had discussed the status of these contracts with Mr. Charles Hodde, Director of General Administration, and that Mr. Hodde advised him that they were binding.

Mr. Voorhees moved that Mr. Rasque be directed to proceed with the two projects for which he has contracts, and that Evanoff and Kabush be directed to proceed with plans for remodelling of Showalter Hall and alterations to the Fieldhouse. The motion was declared lost for lack of a second.

Mr. Smith moved, seconded by Mr. Voorhees, that Evanoff and Kabush proceed with the drafting of plans for remodelling of Showalter Hall and alterations to the Fieldhouse. Motion carried.

Mr. Voorhees moved that Mr. Rasque be directed to proceed with plans for the two projects for which he is under contract. There was no second. Mrs. Morrison stated that since the board did not activate or enter into the contracts with Mr. Rasque, she did not feel that it was proper for the board to instruct Mr. Rasque to proceed, but rather that it was up to Mr. Hodde to do this since his department had written the contracts without the board's knowledge. Dr. Patterson stated that he believed it would be proper for him to write to Mr. Hodde and ask him to activate contracts No. 577 and 699 with Mr. Rasque. The board members agreed with this

and the chairman ruled that the board had completed action on this item.

CHANGE ORDERS

Mr. Surbeck explained the following change orders:

Sceva Construction Company # 1 - \$77.00 added
Smyth Plumbing Company # 1 - \$415.00 added
Longview # 2 - \$645.00 deduction
Longview # 3 - \$1,566.00 added

Mrs. Morrison moved that the change orders be approved. Mr. Smith seconded the motion, which carried.

Mr. Surbeck described an emergency situation concerning the need to replace a 110 volt cable between Martin Hall and the Industrial Arts Building, Home Management House, and Nursery School. The work should be done before the start of the fall quarter, but the contractor had not completed a cost estimate in time for a change order to be presented to the board. Mrs. Morrison moved, seconded by Mr. Smith that the alterations as outlined by Mr. Surbeck be approved. Motion carried.

Mr. Surbeck reported that the Science Division had recommended a change order in the science building to bring a 50pound steam line from the mechanical room to the second floor to service two autoclaves. It was moved by Mr. Smith, seconded by Mr. Voorhees that this change order be approved provided Dr. Patterson is satisfied that it is justifiable after he reviews it with Dr. Harter when the latter returns from vacation. Motion carried.

STANDARDS FOR ADMISSION AND RETENTION

Mr. Voorhees stated that, since the June 23 meeting of the board, there had been action taken by other colleges, including Western and possibly Central, to raise retention standards. He moved the adoption of the following resolution:

"BE IT RESOLVED That, beginning with the fall quarter in 1961 all sophomores shall be required to maintain a grade point average of no less than 2.5, and freshman students shall be required to achieve no less than such average no later than for their third quarter of study and shall be required to maintain such average throughout their stay at the college."

August 25, 1961

There was no second to the motion, but the subject was discussed by the board and Dr. Patterson. The discussion touched on the experience of the University of California, where, Dr. Patterson reported, a 3.0 GPA is required for admission but the average of students in residence is 2.78. The chairman directed that the subject be placed on the agenda of the next board meeting and that the faculty be asked to present at that time a statistical report of the influence of retention standards on grading practices.

REVISION OF RETIREMENT RULES AND REGULATIONS

Mr. Johns explained a proposed revision of the TIAA-CREF Rules and Regulations for EWCE. The revisions were recommended by the Faculty Retirement Committee, approved by the Faculty Organization, and approved by the President. The basic change is the initiation of a two-year waiting period for new faculty members before they are required to join TIAA-CREF, although they may petition for earlier participation. The regulation on contribution rates is revised to conform to a 1961 amendment to the retirement law. Dr. Patterson recommended the adoption of the revised rules and regulations (copy attached). Motion was made by Mrs. Tanke, second seconded by Mrs. Morrison to accept the recommendation. Motion carried.

SCHEDULE FOR BOARD MEETINGS

The attached schedule of meetings for the ensuing year was approved, except that the date for the fall meeting of the joint board in Seattle was left open and Dr. Patterson was instructed to work out a mutually acceptable date with the other boards.

INFORMATION ITEMS

It was moved by Mr. Voorhees, seconded by Mrs. Morrison, that the board commend Dr. Leighton and his staff for developing the first program in physical rehabilitation in the nation to be accredited by the Association for Physical and Mental Rehabilitation. Motion carried.

Mr. Johns commented on the financial report of the Student Union for the fiscal year ended June 30, 1961. (Copy attached) He pointed out that although the bookstore made a small net profit, other areas of the building aside from the cafeteria produce very little revenue, and that the combined operation showed a net loss of \$7,620 for the year. As a result, the cash position has reached a point where the Union will be unable to pay its bills until late in September.

The chairman suggested that the problem be referred to the Associated Student Body for their recommendation.

The Personnel Committee of the board discussed at its July meeting the hiring of a personnel director. This committee recommended that the board establish such a position, with part-time devoted to budget management. Dr. Patterson reported that a very able young man from the budget office in Olympia would be here on Saturday for an interview.

Dr. Patterson reported that the deal for the acquisition of the Hair property at a purchase price of \$11,500 plus closing costs was completed on July 14, and the Hairs were granted thirty days to move their improvements off the property.

The Seattle First National Bank has informed us that the interest rate on the construction loan will be 3% rather than 3.5% quoted previously.

On June 22 the college purchased 182-day U. S. Treasury bills which will mature at \$44,000 on December 21, 1961. The price was \$43,442.52, giving a yield of 2.519% and producing revenue of \$557.48.

ADJOURNED

The meeting adjourned at 10:30 p. m.

APPROVED

Harvey Erickson, Chairman

Fred S. Johns, Secretary

August 25, 1961

DATES FOR BOARD MEETINGS, 1961-62

Day	Month and Date	Time	Place
Friday	September 29	6:30 p. m.	Spokane
Friday	October 27	6:30 p. m.	Spokane
Fall meeting date to be set			
No meeting in December unless absolutely necessary			
Friday	January 12	6:30 p. m.	Spokane
Friday	February 16	Eastern Washington College Campus along with joint board meeting	
Friday	March 16	6:30 p. m.	Spokane
Friday	April 20	Along with joint board meeting Ellensburg	
Friday	May 18	6:30 p. m.	Spokane
Friday	June 15	6:30 p. m.	Spokane

Form Approved
Budget Bureau No. 63-R1001
CFA-521
(10-60)

Project No. CH-Wash-42 (DS)
Name of Borrower Eastern Washington
College of Education
Address Cheney, Washington
Contract No. H-602-1206

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of July 1, 1961, by and between the Board of Trustees of Eastern Washington College of Education, a public educational institution of higher learning located at Cheney, Washington (herein called the "Borrower") and the United States of America (herein called the "Government"), WITNESSETH:

Section 1. Amount, Purchase Price, and Purpose. Subject to the Terms and Conditions (Form CFA-520 dated 7-60), attached hereto and made a part hereof as Exhibit A, and the provisions of this Agreement, the Borrower will sell and the Government, acting by and through the Housing and Home Finance Administrator (herein called the "Administrator"), will purchase \$2,900,000 aggregate principal amount of the obligations of the Borrower described below (herein called the "Bonds"), or such lesser amount thereof as the Administrator estimates will be required, together with the Borrower's funds provided from other sources, to pay the development cost of the Project (estimated to be \$2,900,000), hereinafter described, at a price equal to the principal amount thereof plus accrued interest, the proceeds of the sale of such Bonds to be used solely for the development of the said Project.

Section 2. Description of Bonds. The Bonds which the Borrower agrees to sell and the Government agrees to purchase are described as follows:

- (a) Designation: Eastern Washington State College Student Facilities Revenue Bond of 1961
- (b) Date: October 1, 1961
- (c) Principal Amount: \$2,900,000
- (d) Denomination: \$1,000; however, until such time as the purchasers of the Bonds request(s) the preparation of the definitive Bonds, a single Bond or Bonds shall be issued in an amount equal to the Bonds contracted for by said purchaser or purchasers.

(e) Type: Negotiable, serial, coupon bond

(f) Interest Rate: 3-1/2% per annum, payable semi-annually on April 1 and October 1 in each year, first interest payable April 1, 1962.

(g) Maturities: October 1, in years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1964	\$35,000	1989-90	\$ 90,000
1965-67	40,000	1991	95,000
1968-70	45,000	1992-93	100,000
1971-73	50,000	1994	105,000
1974-76	55,000	1995	110,000
1977-78	60,000	1996-97	115,000
1979-80	65,000	1998	120,000
1981-83	70,000	1999	125,000
1984	75,000	2000	130,000
1985-86	80,000	2001	135,000
1987-88	85,000		

(h) Numbers: 1 to 2900 inclusive, in order of maturity.

(i) Security: A special obligation of the Borrower payable and secured by:

- (1) A first lien on and pledge of the net revenues to be derived from the operation of the project dining hall; and
- (2) A first lien on and pledge of the proceeds of a Student Building Fee to be assessed each student enrolled for seven or more quarter credits at the rate of \$16.00 per academic quarter, including Summer Session, to the extent required, together with the pledged net revenues of the project dining hall, to meet the deposit requirements of the Bond and Interest Sinking Fund Account and the Repair and Replacement Reserve Account and maintain the required reserves thereof.

(j) Place and Medium of Payment: Payable as to both principal and interest at the principal office of the Trustee to be designated in the Bond Indenture, or, at the option of the holder, at a bank or trust company in the Borough of Manhattan, City and State of New York, in any coin or currency which, on the respective dates of payment of such principal and interest, is legal tender for payment of debts due the United States of America.

(k) Registerability: Registrable, at the option of the holder, as to principal only.

(l) Redemption Provisions:

Bonds numbered 1 through 340 inclusive, maturing October 1, 1964 through October 1, 1971 inclusive, to be uncalleable.

Bonds numbered 341 through 2275 inclusive, maturing October 1, 1972 through October 1, 1996 inclusive, to be callable at the option of the Borrower prior to the stated maturities thereof, in whole or in part and in inverse numerical order on any interest payment date after October 1, 1971, upon at least thirty days' prior notice, at the principal amount thereof, plus accrued interest to the date of redemption and a premium for each bond as follows:

	3%	if redeemed	April 1, 1972	through	October 1, 1976	inclusive			
2-1/2%	"	"	"	"	1977	"	"	"	1981
2%	"	"	"	"	1982	"	"	"	1986
1-1/2%	"	"	"	"	1987	"	"	"	1991
1%	"	"	after October 1, 1991.						

Bonds numbered 2276 through 2900 inclusive, maturing October 1, 1997 through October 1, 2001 inclusive, to be callable at the option of the Borrower in whole or in part and in inverse numerical order on any interest payment date during the entire life of the loan, upon at least thirty days' prior notice, at par plus accrued interest to the date of redemption.

Priority as to call shall extend to bonds numbered 2276 through 2,900 inclusive over bonds numbered 341 through 2275 inclusive.

Section 3. Sale of Bonds. The Bonds will be sold by the Borrower at public sale, the call for bids specifying that bids will be received and considered on the following basis:

- For (a) All maturities in the years 1964 through 1971;
- (b) All maturities in the years 1972 through 1981;
- (c) All maturities in the years 1982 through 1991;
- (d) The remaining maturities; and
- (e) The entire issue.

In the event any of the Bonds are awarded to the Government, the Borrower shall, when they are ready, deliver all such Bonds to the Government at such time as the Government shall designate.

The Government will submit its bid for the Bonds and such bid will be for all of the Bonds at their par value, plus accrued interest, at the rate of **three and one-half (3-1/2%)** per centum per annum on all or any one or more of the above blocks of Bonds. In the event any other bidder or bidders offer to purchase all of the Bonds, or any portion of the Bonds in blocks as specified at an interest cost of not more than **three and one-half (3-1/2%)** per centum per annum, the Bonds or any such portion thereof shall be sold to such bidder or bidders. In the event of a sale of all the Bonds to a purchaser or purchasers other than the Government, this Agreement shall terminate except with respect to obligations hereunder between the Borrower and the Government as of the date of such sale of the Bonds. In the event any of the Bonds are awarded to the Government, it is agreed that the obligations hereunder shall continue in the same manner as if all the Bonds were sold to the Government. In the event no bid is received from a bidder or bidders other than the Government within the terms herein specified, all the Bonds shall be sold to the Government.

In the event the Government is awarded all or part of the Bonds, the Borrower, at the option of the purchaser(s) shall issue single Bonds with face values in the amount of the respective purchases in lieu of individual denomination Bonds. Such single Bonds shall be registered as to principal and interest and payable as directed by the purchasers, but otherwise complying with the description set forth in Section 2 hereof. The Borrower shall covenant that, upon request of the holder of a single Bond, it shall issue, at its own expense and within 90 days from the date of such request, negotiable bearer coupon bonds in denominations of \$1,000, as described in Section 2 hereof, in aggregate amount equal to the amount of the single Bond still outstanding. The printing of text of single Bonds shall be of type composition on paper of sufficient weight and strength to prevent deterioration throughout the life of the loan. The Bonds shall conform in size to standard practice and contain the approved maturity schedule for payment of principal.

Section 4. Description of the Project. The Project shall consist of a dining hall (Unit A) seating approximately 1,176 students; a dormitory (Unit B) for approximately 440 men students, a director and two guests; all with necessary appurtenances

(herein called the "Project").

Section 5. Government Field Expense. The amount of the fixed fee for Government field expense referred to in Section 30 of the attached Terms and Conditions shall be \$ 7,500.

Section 6. Special Conditions. The Government's obligation to purchase the Bonds of the Borrower is also subject to the Special Conditions attached hereto and made a part hereof as Exhibit B.

IN WITNESS WHEREOF, this Agreement has been executed in the name of Eastern Washington College of Education,

by the undersigned official, and under its official seal, attested by its Secretary, and in the name and on behalf of the United States of America, Housing and Home Finance Administrator, Community Facilities Commissioner, by the undersigned official.

EASTERN WASHINGTON COLLEGE OF EDUCATION

By _____

(SEAL)

Chairman, Board of Trustees
(Title)

ATTEST:

Secretary, Board of Trustees
(Title)

UNITED STATES OF AMERICA
Housing and Home Finance Administrator
Community Facilities Commissioner

(Date)

By _____
L. R. Durkee
Title Director for Northwest Operations

HOUSING AND HOME FINANCE AGENCY
COMMUNITY FACILITIES ADMINISTRATION

TERMS AND CONDITIONS

Constituting Part of the Loan Agreement Providing for the Financing and Construction of College Housing and Service Facilities Under Title IV of the Housing Act of 1950 (Public Law 475, 81st Congress, as amended)

Section 1. Definitions. As used in these Terms and Conditions:

- "Government" means the United States of America or the Housing and Home Finance Agency.
- "Project" means the structure or structures which the Government has agreed to aid in financing under the Loan Agreement.
- "Loan Agreement" means the contract between the Government and the Borrower covering the Project and includes both these Terms and Conditions and other contract instruments.
- "Borrower" means the educational institution designated in the Loan Agreement.
- "Bonds" mean the obligations which the Government has agreed to purchase under the Loan Agreement.
- "Project Costs" mean the cost of construction work for the Project including fixed equipment, cost of necessary architectural/engineering services, legal, administrative and clerical costs, cost of land acquisition, necessary travel expenses, costs imposed by the Government to reimburse it for its field expenses, interest during construction, and other necessary miscellaneous expenses, all as determined by the Government.

Section 2. Prerequisites to Government's Obligations. The Government shall be under no obligation to advance funds or to purchase any Bonds under the Loan Agreement if:

- (a) Representations. Any representation made by the Borrower to the Government in connection with the application or loan shall be incorrect or incomplete in any material respect, or the Government determines that the Borrower has failed to proceed promptly with Project financing or construction;
- (b) Financial Condition. The financial condition of the Borrower shall have changed unfavorably in a material degree from its condition as theretofore represented to the Government;
- (c) Concurrence by Government. The Borrower, having submitted to the Government the documents mentioned in Section 16 hereof, shall have proceeded without having been advised by the Government that the same are satisfactory; it being the purpose of this provision to insure that no action will be taken in the development of the Project which would result in a legal or contractual violation

rendering it impossible for the Government to make the loan hereunder or for the parties to accomplish the objects of the Loan Agreement.

Section 3. Furnishings and Movable Equipment. The Borrower shall, on or before substantial completion of the Project, provide from sources other than the loan hereunder, and from sources and in a manner which will not jeopardize the security of the Bonds, the furnishings and movable equipment necessary to the full enjoyment of the use, occupancy and operation of the Project.

Section 4. Project Site. The Project shall be located on lands of the Borrower, at a site to be approved by the Government.

Section 5. Title Evidence. The Borrower shall furnish the Government satisfactory evidence of its ownership of the Project site.

Section 6. Purchase of Bonds. The Borrower shall initiate and prosecute to completion all proceedings necessary to the authorization, issuance, and sale of the Bonds and to the security thereof. When the said proceedings have been completed to the point of but not including the delivery of the Bonds to the Government, the Borrower may file a requisition requesting the Government to purchase the Bonds. The requisition shall be supported by such data as the Government shall require to determine whether the Government is obligated under the provisions of the applicable Loan Agreement to honor such requisition. If the Government is so obligated, it will purchase the Bonds covered by such requisition, within the limitations, however, specified in the Loan Agreement.

Section 7. Legal Matters. The Borrower shall furnish the Government a transcript of proceedings for the authorization, issuance, sale and security of the Bonds evidencing that the Bonds, when delivered and paid for, will constitute binding and legal obligations, payable and secured in accordance with their tenor, and that all proceedings for the financing and the acquisition, construction and development of the Project preliminary to the delivery of the Bonds to the Government have been had and adopted in due time, form, and manner as required by law.

Section 8. Security. The Borrower shall include in the proceedings for the authorization, issuance, sale, and security of the Bonds, provisions for the payment of the principal of and interest on the Bonds and for the security thereof of the nature required to assure such payment and to safeguard the loan hereunder, including, in case the Bonds are payable in whole or in part from any special sources of revenues, provisions designed to assure the production of such revenues and the application thereof to the extent required for the payment and security of the Bonds and interest thereon, including the maintenance of reasonable reserves.

Section 9. Opinion of Bond Counsel. Simultaneously with the delivery of any of the Bonds to the Government, the Borrower shall furnish to the Government the approving opinion of bond counsel who shall be satisfactory to the Government, and covering generally all of the Bonds and, specifically and unqualifiedly, the Bonds then being delivered to the Government.

Section 10. Construction Financing. The Borrower shall make every effort to obtain interim financing from private sources. Prior to entering into formal agreements for such financing, the Borrower shall furnish the Government with (1) a satisfactory preliminary opinion of bond counsel; (2) evidence of its ability to finance on reasonable terms the cost of the Project up to the time the Bonds are

ready for delivery; and (3) evidence of the receipt of firm bids establishing that the Project can be constructed within the approved estimated cost thereof.

In the event any loan under temporary financing should become due prior to the time when the Bonds are ready for delivery, the Borrower may apply to and, provided that the Borrower is in compliance with the Terms and Conditions of this Loan Agreement, receive from the Government an advance against the Bonds in an amount sufficient to liquidate such temporary loan.

Should the Borrower be able to demonstrate to the Government's satisfaction that interim financing on reasonable terms is not available, the Government will consider requests for advances in anticipation of the issuance of the Bonds. Requisitions for construction advances shall be accompanied by such supporting data as the Government may require. The Government will honor such requisitions in amounts and at times deemed by it to be proper.

Any funds made available to the Borrower by the Government pursuant to this Section shall be repaid in full from the first proceeds derived from the sale of the Bonds, and shall bear interest at the rate specified for the Bonds in the Loan Agreement from the date made available to the date of repayment.

Section 11. Prerequisites to Loan Disbursements. Prior to the Government disbursing any portion of the loan proceeds, the Borrower shall present satisfactory evidence that:

- (a) It is able to provide the furnishings and movable equipment required for the operation of the Project, as specified in Section 3 hereof;
- (b) It has deposited in the Construction Account such funds as are necessary with the loan proceeds to assure completion of the Project; and
- (c) It is able to provide the Project site or sites free from all encumbrances.

Section 12. Construction Account. The Borrower shall set up in a bank or banks which are members of the Federal Deposit Insurance Corporation, or with the fiscal agency of the Borrower fixed by law, a separate account or accounts (herein collectively called the "Construction Account") into which shall be deposited any temporary loans, Government advances, and proceeds from the sale of the Bonds (except accrued interest payments), and the additional funds, if any, required by the provisions of the Loan Agreement to be furnished by the Borrower in order to assure the payment of all Project Costs. Moneys in the Construction Account shall be expended only for such purposes as shall have been previously specified in the project cost estimates approved by the Government.

Where the moneys on deposit in the Construction Account exceed the estimated disbursements on account of the Project for the next 90 days, the Borrower may deposit such excess funds in time deposits in banks that are members of the Federal Deposit Insurance Corporation or may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, which shall mature not later than 18 months after the date of such investment and which shall be subject to redemption at any time by the holder thereof. The earnings from any such deposits or investments shall be deposited in the Construction Account by the Borrower.

Any moneys remaining in the Construction Account after all costs of the Project have been paid shall be promptly used to the extent possible for the redemption of Bonds, and any residue shall be deposited in the Bond and Interest Sinking Fund provided for in the Loan Agreement.

Section 13. Payment of Costs--Additional Funds. The Borrower shall pay all Project Costs and furnish from sources other than the proceeds of the loan, and from sources and in a manner which will not jeopardize the security of the Bonds, the additional funds, if any, which will be sufficient to finance the total Project Costs.

Section 14. Prompt Procedure--Economic Construction. The Borrower covenants and agrees that it will proceed promptly with all matters necessary to the financing and the development of the Project; and that the Project will be undertaken and developed in such a manner that economy will be promoted in such development and in the construction work; and that the Project will not be of elaborate or extravagant design or materials.

Section 15. Approvals and Permits. The Borrower shall obtain all approvals and permits required by law as a condition precedent to the acquisition, construction, development, and operation of the Project.

Section 16. Submission of Proceedings, Contract and Other Documents. The Borrower shall submit to the Government such data, reports, records, and documents relating to the financing, construction, and operation of the Project and financial condition of the Borrower as the Government may require. Approval of the Government must be obtained prior to the assignment of any interest in or part of any contract relating to the Project.

Section 17. Construction by Contract. All work on the Project shall be done under contract and every opportunity shall be given for free, open, and competitive bidding for each and every construction, material, and equipment contract. The Borrower shall give such publicity by advertisements or calls for bids by it for the furnishing to it of work, labor, materials, and equipment as required by applicable law and as will provide adequate competition; and the award of each contract therefor shall be made, after approval by the Government, to the lowest responsible bidder as soon as practicable: *Provided*, that in the selection of equipment or materials the Borrower may, in the interest of standardization or ultimate economy, if the advantage of such standardization or such ultimate economy is clearly evident, award a contract to a responsible bidder other than the lowest in price. The Borrower shall obtain the concurrence of the Government before approving subcontracts relating to the Project.

Section 18. Changes in Construction Contract. Any change in a construction contract shall be submitted to the Government for approval. Construction contracts shall include a provision specifying that the above requirement will be met.

Section 19. Contract Security. The Borrower shall require that each construction contractor shall furnish a performance bond in an amount at least equal to 100 percent of his contract price as security for the faithful performance of his contract and also a payment bond in amount not less than 50 percent of his contract price or in a penal sum not less than that prescribed by State, territorial, or local law, as security for the payment of all persons performing labor on the Project under his contract and furnishing materials in connection with his contract. The performance bond and the payment bond may be in one or in separate instruments in accordance with local law.

Section 20. Insurance During Construction. The Borrower shall require that each of its construction contractors and their subcontractors shall maintain during the life of his contract Workmen's Compensation Insurance and Public Liability and Property Damage Insurance in amounts and on terms satisfactory to the Government. The Borrower shall maintain or require that each of its construction contractors shall maintain during the life of his contract Builder's Risk Insurance in amounts and on terms satisfactory to the Government.

Section 21. (a) Wage Rates: Upon receipt of the list of wage rates determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (Davis-Bacon Act, as amended), the Borrower shall include such list in all contracts calling for work on the Project and require adherence thereto. The Borrower shall also require of each of its contractors that such list shall be posted at appropriate conspicuous points on the site of the Project. Unless otherwise required by law, wage rates need not be listed for non-manual workers, including executive, supervisory, administrative and clerical employees.

If, after the award of the contract, it becomes necessary to employ any person in a trade or occupation not classified in the above list, such person shall be paid at not less than a rate to be determined by the Secretary of Labor. Such approved minimum rate shall be retroactive to the time of the initial employment of such person in such trade or occupation. The contractor shall notify the Borrower of his intention to employ persons in trades or occupations not classified in sufficient time for the Borrower to obtain approved rates for such trades or occupations.

(b) Computation of Wages on 40-Hour Week. The Borrower shall require of its contractors (a) that the wages of every laborer and mechanic engaged in work on the Project shall be computed on a basic week rate of forty hours per week, constituting a week's work; and (b) that work in excess of forty hours per week shall be permitted upon compensation at one and one-half times the listed rate of pay for all hours worked in excess of forty hours in any one week.

(c) The Government may waive the application of this Section in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of the Project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Government determines that any amounts saved thereby are fully credited to the Borrower.

Section 22. Payment of Employees. The Borrower shall require of its contractors that all employees engaged in work on the Project be paid in full (less deductions made mandatory by law) not less often than once each week.

Section 23. Wage Underpayments and Adjustments. The Borrower shall require of each of its contractors that, in cases of underpayment of wages by the contractor, the Borrower may withhold from such contractor out of payments due, an amount sufficient to pay workers employed on the work covered by his contract the difference between the wages required to be paid under the contract and the wages actually paid such workers for the total number of hours worked and may disburse such amounts so withheld by it for and on account of the contractor to the respective employees to whom they are due.

Section 24. Anti-Kickback Statute. The so-called Anti-Kickback Statute, Public Law No. 324, 73rd Congress, approved June 13, 1934 (48 Stat. 1948 as amended), and the regulations issued pursuant thereto, are a part of the Loan Agreement, and the Borrower shall comply, and require each of its contractors employed

in the construction, prosecution, or completion of the Project to comply therewith, and to cause his subcontractors to do likewise.

Section 25. Accident Prevention. The Borrower shall require of its contractors that precaution shall be exercised at all times for the protection of persons (including employees) and property, and that hazardous conditions be guarded against or eliminated.

Section 26. Supervision and Inspection. The Borrower shall provide and maintain on its own behalf competent and adequate architectural or engineering services covering the supervision and inspection of the development and construction of the Project.

Section 27. Nondiscrimination. The Borrower shall require that there shall be no discrimination against any employee who is employed in carrying out the Project, or against any applicant for such employment, because of race, religion, color or national origin. This provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower shall insert the foregoing provision of this Section in all its contracts for Project work and will require all of its contractors, for such work to insert a similar provision in all subcontracts for Project work: *Provided*, that the foregoing provisions of this Section shall not apply to contracts or subcontracts for standard commercial supplies or raw materials. The Borrower shall post at the Project, in conspicuous places available for employees and applicants for employment, notices to be provided by the Government setting forth the provisions of this nondiscrimination clause.

Section 28. Payments to Contractors. Not later than the fifteenth day of each calendar month the Borrower shall make a partial payment to each construction contractor on the basis of a duly certified and approved estimate of the work performed during the preceding calendar month by the particular contractor, but shall retain until final completion and acceptance of all work covered by the particular contract a reasonable amount, specified in the contract, sufficient to insure the proper performance of the contract.

Section 29. Audit and Inspection. The Borrower shall require of its contractors that the Government's authorized representatives be permitted, and it will itself permit them, to inspect all work, materials, payrolls, records of personnel, invoices of materials and other relevant data and records appertaining to the development of the Project; and shall permit the Government's authorized representatives to audit the books, records, and accounts of the Borrower appertaining to the loan and the development of the Project.

Section 30. Government Field Expense. The Government will bill the Borrower for payment of the fee specified in the Loan Agreement to cover audit and inspection costs and payment will be due from the first funds deposited in the Construction Account. In the event of termination of the Loan Agreement through the sale of all of the Bonds to private purchasers, the Borrower shall be entitled to a refund of all or a proportionate part of the fee. The refund shall be in such an amount as the Government determines to be equitable under the circumstances.

Section 31. Signs. The Borrower shall cause to be erected at the site of the Project, and maintained during construction, signs satisfactory to the Government identifying the Project and indicating the fact that the Government is participating in the development of the Project.

Section 32. Retention of Title. So long as the Government holds any of the Bonds, the Borrower shall not dispose of its title to the Project or to any facility the revenues of which are pledged as security for the Bonds, or to any useful part thereof, including any facility necessary to the operation and use thereof, and the lands and interests in lands comprising their sites, except as permitted in the Loan Agreement and the bond authorizing proceedings.

Section 33. Insurance on Completed Project.

(a) Fire and Extended Coverage. Upon acceptance of the Project from the contractor, the Borrower shall, if such insurance is not already in force, procure Fire and Extended Coverage Insurance on the Project and, upon receipt of funds acquired pursuant to the Loan Agreement, the Borrower shall, if such insurance is not already in force, procure Fire and Extended Coverage Insurance on any other of its buildings the revenues of which are pledged to the security of the loan. The foregoing Fire and Extended Coverage Insurance shall be maintained so long as any of the Bonds are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed 80 percent of the full insurable value of the damaged building.

Where a Trustee is to be or has been designated in connection with the Bonds, each such insurance policy shall be acceptable to the Trustee and shall contain a clause making all losses payable to the Trustee as its interest may appear.

In the event of any damage to or destruction of any of said building or buildings, the Borrower shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the damaged or destroyed portion thereof, or retire the outstanding bonds.

(b) Boiler Insurance. Upon acceptance of the Project from the contractor, the Borrower shall, if such insurance is not already in force, procure and maintain, so long as any of the Bonds are outstanding, Boiler Insurance covering any steam boilers servicing the Project, in a minimum amount of \$50,000.00.

(c) Liability Insurance. Upon receipt of any funds acquired pursuant to the Loan Agreement, the Borrower shall, if such insurance is not already in force, procure and maintain, so long as any of the Bonds are outstanding, Public Liability Insurance with limits of not less than \$50,000.00 for one person and \$100,000.00 for more than one person involved in one accident to protect the Borrower from claims for bodily injury and/or death which may arise from the Borrower's operations, including any use or occupancy of its grounds, structures and vehicles.

(d) Use and Occupancy Insurance. Immediately upon occupancy of any portion of the Project and so long thereafter as the funds and investments of the Bond and Interest Sinking Fund Account or Collateral Account, if any (as provided in the Loan Agreement) are less than the maximum debt service reserve required by said provisions of the Loan Agreement, the Borrower shall procure and maintain Use and Occupancy Insurance on each building, the revenues of which are pledged to payment of the Bonds, in an amount sufficient to enable the Borrower to deposit in the Bond and Interest Sinking Fund Account, out of the proceeds of such insurance, an amount equal to the sum that would normally have been available for deposit in such Account from the revenues of the damaged building during the time the damaged building is non-revenue producing as a result of loss of use caused by the perils covered by Fire and Extended Coverage Insurance. Where a Trustee is to be or has been designated in connection with the Bonds, each such insurance policy shall be acceptable to the Trustee and shall contain a loss payable clause making any loss thereunder payable to the Trustee as its interest may appear.

Section 34. Parietal Rules. The Borrower shall establish and maintain so long as any of the Bonds are outstanding, such parietal rules, rental rates and charges for the use of the Project facilities and such other facilities the revenues of which are pledged to the payment of the Bonds as may be necessary to (1) assure maximum occupancy and use of said facilities and (2) provide together with any other funds herein pledged to payment of the Bonds (a) the operating and maintenance expenses of said facilities, (b) the debt service on the Bonds, (c) the required reserve therefor, and (d) the Repair and Replacement Reserve where such reserves are required.

Section 35. Proper Records and Books. The Borrower covenants that it will keep accurate financial records and proper books relating to the Project, other facilities the revenues of which are pledged to secure the Bonds, and other pledged revenue sources, and such records and books shall be open to inspection by the Bondholders and their agents and representatives. The Borrower further covenants that not later than 90 days after the close of each fiscal year it will furnish to the Trustee and to any Bondholder who shall request same in writing, copies of audit reports prepared by an independent public accountant, or where appropriate, by the State auditing official, reflecting in reasonable detail the financial condition and record of operation of the Borrower, the Project, other pledged facilities, and other pledged revenue sources, including particularly the Borrower's enrollment, the occupancy or degree of use of and rates charged for the use of, and the insurance on, the Project and any other facilities the revenues of which are pledged in the Loan Agreement, and the status of the several accounts and funds required by the Loan Agreement.

Section 36. Investment of Funds. Moneys on deposit to the credit of the Bond and Interest Sinking Fund Account and/or the Repair and Replacement Reserve Account shall, upon request by the Borrower, be invested by the Trustee or other designated depository, in direct obligations of, or obligations the principal of and the interest on which are guaranteed by, the United States Government. Where the Borrower is required to maintain fixed amounts in such accounts, the investments of such funds shall be valued in terms of current market value as of June 30 and December 31 of each year.

Section 37. Bond Redemption. So long as the Government holds any of the Bonds, it will waive the non-callable provisions, redemption premiums, and publication of notice of call applicable thereto.

Section 38. Interest of Third Parties. The Loan Agreement is not for the benefit of third parties, including the holders from time to time of any of the Bonds, and the Government shall be under no obligation to any such parties, whether or not indirectly interested in said Agreement, to pay any charges or expenses incident to compliance by the Borrower with any of its duties or obligations thereunder.

Section 39. Interest of Members of or Delegates to Congress. No member of or delegate to the Congress of the United States shall be admitted to any share or part of this Agreement or to any benefit arising therefrom.

Section 40. Bonus or Commission. By execution of the Loan Agreement the Borrower represents that it has not paid and, also, agrees not to pay, any bonus, commission, or fee for the purpose of obtaining an approval of its application for the loan hereunder.

EXHIBIT B

Project No. CH-Wash-42(DS)

The following Special Conditions are made a part of the Loan Agreement for the above-numbered project, as specified in Section 6 of the Loan Agreement.

- (a) The Borrower covenants and agrees that as soon as any portion of the Project dining hall becomes revenue-producing, all rentals, charges, income and revenue arising from the operation or ownership of the Project dining hall shall be deposited to the credit of a special fund, to be known as the "Revenue Fund Account" and held in the custody of the Comptroller of the Borrower, separate and apart from all other funds. Such Revenue Fund Account shall be maintained, so long as any of the Bonds are outstanding, in a bank which is a member of the Federal Deposit Insurance Corporation and shall be expended and used by the Comptroller only in the manner and order specified below.
- (b) Current Expenses of the Project dining hall shall be payable, as a first charge, from the Revenue Fund Account as the same become due and payable. Current Expenses shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance and all other expenses incident to the operation of the Project dining hall, but shall exclude depreciation, all general administrative expenses of the Borrower and the payment into the "Repair and Replacement Reserve" hereinafter provided for.
- (c) The Borrower shall establish with the Trustee to be designated in the Bond Resolution, and maintain so long as any of the Bonds are outstanding, a separate account or accounts (herein collectively called the "Bond and Interest Sinking Fund Account") into which shall be deposited all accrued interest received from the sale of the Bonds, which sum shall be credited against the amount to be deposited into the Account on the next interest payment date. As soon as any portion of the Project dining hall becomes revenue-producing, and after providing for the payment of Current Expenses, the Borrower shall transfer from the Revenue Fund Account and deposit to the credit of the Bond and Interest Sinking Fund Account on or before each March 15 and September 15 the larger of (1) the balance therein, or (2) such balance which, together with the interest for the current interest period chargeable as a project development cost plus revenues from other pledged sources, shall be sufficient to pay the interest on the outstanding Bonds as the same becomes due. Provided, however, that beginning March 15, 1964, and thereafter the Borrower shall, after providing for the payment of Current Expenses, transfer from the Revenue Fund Account the balance therein and from pledged Student Building Fees such sums as may be necessary, when added to the Revenue Fund Account balance so transferred, to permit a deposit into the Bond and Interest Sinking Fund Account in the sum of \$94,000. Such sum shall be deposited to the credit of the Bond and Interest Sinking Fund Account

on or before each March 15 and September 15, until the funds and/or investments therein are sufficient to meet the interest on the outstanding Bonds due on the next interest payment date and one-half of the principal due within the succeeding twelve months, plus a debt service reserve in the sum of \$283,000. Thereafter, on or before each March 15 and September 15 the Borrower shall transfer from said sources such sums as may be necessary to meet the interest on the Bonds due on the next interest payment date and one-half of the principal due within the succeeding twelve months and maintain the debt service reserve in the sum of \$283,000.

- (d) As soon as the required reserve is accumulated in the Bond and Interest Sinking Fund, the Borrower shall establish with the Trustee a separate account called the "Repair and Replacement Reserve Account" into which shall be deposited from the Revenue Fund Account and from pledged Student Building Fees on or before the close of each fiscal year, (1) the sum of \$5,000 or such portion thereof as is available for transfer annually for an equipment reserve until the funds and/or investments in the equipment reserve portion of the Account shall aggregate \$50,000 and thereafter such sums, but not more than \$5,000 annually, as may be required to restore and maintain the balance of \$50,000 and (2) the sum of \$4,500 or such portion thereof as is available for transfer annually for a repairs reserve. All moneys in the "Repair and Replacement Reserve Account" may be drawn on and used by the Borrower for the purpose of paying the cost of unusual or extraordinary maintenance or repairs, renewals and replacements, and the renovating or replacement of the furniture and equipment not paid as part of the ordinary and normal expense of Project dining hall operations. However, in the event the funds in the Bond and Interest Sinking Fund Account should be reduced below the debt service reserve of \$283,000, funds on deposit in the Repair and Replacement Reserve Account shall be transferred to the Bond and Interest Sinking Fund Account to the extent required to eliminate the deficiency in that Account.
- (e) Subject to making the foregoing maximum deposits, the Borrower may use the balance of excess funds in the Revenue Fund Account at the close of each fiscal year (1) to redeem outstanding Bonds on the next interest payment date, in inverse numerical order in amount of not less than \$5,000 par value at one time, or (2) for any expenditures, including the payment of debt service, in improving or restoring any existing housing and dining facilities or providing any such additional facilities, or (3) for any other lawful purpose.
- (f) The Terms and Conditions (CFA-520 dated 7-60) constituting a part of this Loan Agreement are hereby modified as follows:
- (1) Section 10, Construction Financing, is modified by deleting all of the first paragraph thereof and substituting therefor the following:

"The Borrower shall make every effort to obtain interim financing from private sources. Prior to entering into formal agreements for such financing, the Borrower shall furnish the Government with (1) a satisfactory preliminary opinion of bond counsel; (2) evidence of its ability to finance on reasonable terms the cost of the Project, or Unit thereof if construction is to be started on less than the total Project, up to the time the Bonds are ready for delivery; and (3) evidence of the receipt of firm bids establishing that the Project, or such unit thereof, can be constructed within the approved estimated cost thereof."

- (2) Section 11, Prerequisites to Loan Disbursements, is modified by deleting Subsection (b) thereof and substituting therefor the following:

"(b) It has deposited in the Construction Account such funds as are necessary with the loan proceeds to assure completion of the Project, or Unit thereof if construction is to be started on less than the total Project; and"

- (3) Section 33 (b), Boiler Insurance, is hereby deleted.
- (4) Section 33 (c), Liability Insurance, is hereby deleted.
- (5) Section 33 (d), Use and Occupancy Insurance, is hereby modified by adding the words "dining hall" after the word "Project".
- (6) Section 34, Parietal Rules, is hereby amended by deleting all thereof and substituting therefor the following:

"The Borrower shall establish and maintain so long as any of the Bonds are outstanding, such parietal rules, rental rates and charges for the use of the Project Dining Hall as may be necessary to (1) assure maximum occupancy and use of said facility, (2) the operating and maintenance expenses of said facility and (3) provide together with the pledged Student Building Fee (a) the debt service on the Bonds, (b) the required reserve therefor, and (c) the Repair and Replacement Reserve."

- (7) Section 35, Proper Records and Books, is hereby amended by substituting the words "January 1 following the close of each fiscal biennium" for the words "90 days after the close of each fiscal year" in the sixth line of said Section.

RESOLUTION APPROVING LOAN AGREEMENT

WHEREAS, there has been filed with the United States of America an application for a loan to provide a dining hall seating approximately 1,176 students, and a dormitory for approximately 440 men students, a director and two guests, all with necessary appurtenances, at Eastern Washington College of Education, Cheney, Washington (CH-Wash-42(DS)), and the United States of America, acting by and through the Housing and Home Finance Administrator, has tentatively offered to make the requested loan and has transmitted for consideration a proposed Loan Agreement; and

WHEREAS, said Loan Agreement has been duly read in open meeting, fully considered in accordance with all pertinent rules of procedure and legal requirements, and made a part of the records of the Board of Trustees of Eastern Washington College of Education; and

WHEREAS, it is deemed advisable and in the public interest that said Loan Agreement be approved and its execution authorized;

NOW, THEREFORE, be it resolved by the Board of Trustees of Eastern Washington College of Education that said Loan Agreement be and the same hereby is approved without reservation or qualification.

BE IT FURTHER RESOLVED that _____, the Chairman of the Board of Trustees of Eastern Washington College of Education, be and he is hereby authorized to execute said Loan Agreement, and _____, the Secretary thereof, be and he is hereby authorized to attest the execution of said Loan Agreement.

Approved and adopted this _____ day of _____, 1961.

(S E A L)

ATTEST:

Chairman, Board of Trustees

Secretary

RECORDING OFFICER'S CERTIFICATE

I, the undersigned, the duly qualified and acting Secretary of the Board of Trustees of Eastern Washington College of Education, Cheney, Washington, and the keeper of the journal of proceedings of said Board (herein called the "Governing Body"), do hereby certify:

1. That the attached resolution (herein called the "Resolution"), is a true and correct copy of a Resolution as finally adopted at a meeting of the Governing Body held on the _____ day of _____, 1961, and duly recorded in my office;

2. That said meeting was duly convened and held in all respects in accordance with law and to the extent required by law due and proper notice of such meeting was given; and a legal quorum was present throughout the meeting, a legally sufficient number of members of the Governing Body voted in the proper manner and for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption or passage of said Resolution have been duly fulfilled, carried out, and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Eastern Washington College of Education this _____ day of _____, 1961.

Secretary, Board of Trustees

(S E A L)

MU 2-3700
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HOUSING AND HOME FINANCE AGENCY

OFFICE OF THE REGIONAL ADMINISTRATOR

REGION VI AREA OFFICE
450 Federal Office Building
Seattle 4, Washington

July 19, 1961

RECEIVED
JUL 21 1961
WASHINGTON
D.C.

Mr. Fred S. Johns
Comptroller
E. Washington College of Education
Cheney, Washington

Dear Mr. Johns: Re: CH-Wash-42(DS)

I am pleased to advise you that the above application has been approved for a loan of \$2,900,000 on the basis shown on the enclosed copies (in duplicate) of the Project Summary, Form CFA-519 (Page 1 only).

The enclosure sets forth the approved cost estimate for the Project and the method of financing. The College will be responsible for keeping costs within the individual line items and no line item may be exceeded nor amounts be transferred between line items, including in and out of the project contingency item, without prior HHFA concurrence.

We recognize that it may be necessary to revise the presently approved cost estimate when all of the bids have been received and, possibly, from time to time thereafter. This procedure will be explained further by our Field Engineer in his forthcoming meeting with you.

The Loan Agreement (which will be forwarded shortly) requires the College to set up a Construction Account and deposit therein the proceeds of temporary construction loans, the proceeds from the sale of the Bonds (except accrued interest payments) and any additional funds as may prove necessary to assure the payment of all project costs.

The Construction Account must be held with a bank which is a member of the Federal Deposit Insurance Corporation and funds therein may be expended only for such purposes and within the respective totals therefor as are listed in the latest approved Project Summary.

The Government Field Expense of \$7,500 must be paid to the Government out of the first funds deposited in the Construction Account, regardless of source.

Mr. Fred S. Johns--2

Checks drawn against the Construction Account must be signed and counter-signed by the representatives of the College authorized to do so. To facilitate audit, all bank statements, deposit slips, cancelled checks and related invoices should be kept in one place.

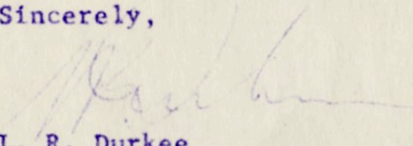
Mr. Lathrop has discussed interim financing with you. The Loan Agreement will specify certain showings required for approval of your plan. The expected rate of draw-downs should be submitted following receipt of all acceptable bids and be based on monthly requirements anticipated to approximately 80 percent of project completion.

The Loan Agreement will also require the selection of a trustee and alternate paying agent.

The proposed trustee must be a banking corporation organized and doing business under the laws of the United States or the State in which the Borrower is situated, and be authorized under such laws to exercise corporate trust powers. It must have a combined capital and surplus of at least \$1,000,000 and must be subject to supervision or examination by Federal or State authority.

The alternate paying agent must be a bank or trust company in the Borough of Manhattan, City and State of New York, organized and doing business under the laws of the United States or the State of New York and must be a member of the Federal Deposit Insurance Corporation. Your bond counsel, when selected and approved, should be able to advise you further in regard to selection of the proposed trustee and alternate paying agent. Following execution of the Loan Agreement, please submit the names of each for our approval.

Sincerely,


L. R. Durkee
Director for Northwest Operations

Enclosures--2
CFA-519 (Page 1)

CFA-519 (7/60)

HOUSING AND HOME FINANCE AGENCY
 COMMUNITY FACILITIES ADMINISTRATION
 Region VI (Seattle Area Office)

College Housing Program

PROJECT SUMMARY AND APPROVAL

Project No:

CH-Wash-42(DS)

Student Housing and
 Service Facilities

Approval Date: 7/3/61

Name and Address of Applicant:

EASTERN WASHINGTON COLLEGE OF EDUCATION
 Cheney, Washington

BRIEF PROJECT DESCRIPTION: A dining hall seating approximately 1,176 students (Unit A a dormitory for approximately 440 men students, a director and 2 guests (Unit B); necessary appurtenances.

METHOD OF FINANCING:

	Amount of Loan	Applicant's Funds	Total Estimated Cost
a. Housing facilities	\$1,825,117	\$ -0-	\$1,825,117
b. Related service facilities	402,167 a/	-0-	402,167
c. Subtotal - a plus b	\$2,227,284	\$ -0-	\$2,227,284
d. Other service facilities	672,716	-0-	672,716
e. Total project cost	\$2,900,000	\$ -0-	\$2,900,000

Estimated cost of movable furnishings and equipment: \$200,000. b/

CONSTRUCTION SUMMARY:

	UNIT A (Dining)	UNIT B (Dormitory)	Project
<u>Project Cost Estimate:</u>			
Preliminary expense	\$ -	\$ -	\$ -
Land and Rights-of-way	-	-	-
Construction	966,400	1,642,000	2,608,400
Architectural engineering services	62,800 c/	105,500 d/	168,300
Legal and administrative expenses	6,299	10,701	17,000
Interest during construction	22,230	37,770	60,000
Government field expense	2,779	4,721	7,500
Project contingency	14,375	24,425	38,800
Total Project Cost	\$1,074,883	\$1,825,117	\$2,900,000

Construction Cost Analysis:

Building (142,853 sq. ft.) e/	\$ 805,800	\$1,389,000	\$2,194,800
Site improvements	16,000	15,000	31,000
Utility connections	9,500	5,000	14,500
Fixed equipment	93,500	158,000	251,500
Contingencies	41,600	75,000	116,600
Total Construction Cost	\$ 966,400	\$1,642,000	\$2,608,400

Cost Statistics:	COST PER SQUARE FOOT			COST PER STUDENT		
	Unit A	Unit B	Project	Unit A	Unit B	Project
Building only	\$16.16	\$14.94	\$15.36	N.A.	\$3,157	\$3,157
All construction	\$19.38	\$17.66	\$18.26	N.A.	\$3,732	\$3,732
Total project	\$21.56	\$19.62	\$20.30	N.A.	\$3,148	\$3,148

a/ Project cost of dining facilities \$1,074,883
 Related service facilities 440/1176 x \$1,074,883 = \$402,167
 Other service facilities = \$672,716

b/ Furnishings: Unit A--Dining: \$ 50,000 (Some Equipment on hand.)
 Unit B--Dorm.: 150,000

c/ Fee \$55,500; Cl.Wks. \$4,000; Conc.Test \$2,500; Soil Test \$800; Unit A--\$ 62,800

d/ Fee \$95,000; Cl.Wks. \$5,000; Conc.Test \$4,500; Soil Test \$1,000; " B--\$105,500

e/ Unit A--49,853 sq. ft; Unit B--93,000 sq. ft; Total 142,853 sq. ft.

CH-Wash-42(DS)

CONSTRUCTION SUMMARY (Cont'd.)

Space Distribution:	SQUARE FEET			PERCENTAGE OF TOTAL SPACE		
	Unit A	Unit B	Project	Unit A	Unit B	Project
A. Revenue-producing space:						
Bedroom-study	-	48,000	48,000	-	51.6%	33.6%
Dining	37,603	-	37,603	75.4%	-	26.3%
Other revenue-producing space	-	-	-	-	-	-
Total revenue-producing space	37,603	48,000	85,603	75.4%	51.6%	59.9%
B. All other space						
Improved space	12,250	44,300	56,550	24.6%	47.6%	39.6%
Unimproved space (½ area)	-	700	700	-	.8%	.5%
Total - all other space	12,250	45,000	57,250	24.6%	48.4%	40.1%
Grand total	49,853	93,000	142,853	100.0%	100.0%	100.0%

Status of site acquisition: Acquired except for a portion in process of acquisition.
 No site problem anticipated.

Estimated period from approval to start of construction: 3 months.

Estimated construction period: 12 months.

CH-Wash-42(DS)

SPECIAL CONDITIONS FOR LOAN AGREEMENT:

To be as specified in Item II-B of the Financial Review Report dated June 2, 1961,
 and Item V of the Legal Review Report dated June 20, 1961.

RECOMMENDATION OF APPROVAL:

Based upon review of the application, approval of the project and the loan
 is recommended. A fund reservation is outstanding covering the amount
 recommended.

July 3, 1961
 Date

Glenn H. Lathrop
 Finance Officer

APPROVAL

WALTER W. ISLE MEMORIAL UNION

Balance Sheet

June 30, 1961

ASSETS:

Cash:

Student Union Cash	24,253.25	
Petty Cash	<u>715.00</u>	24,968.25

Accounts Receivable:

Bookstore	1,439.62	
Past due Accounts	86.64	
Food Service	308.20	
Student Services	<u>100.00</u>	1,934.46

Equipment Inventory:

Bookstore	8,577.52	
Food Service	35,463.26	
Maintenance	1,112.26	
Building	39,240.24	
Administration	2,437.36	
Bowling and Games	<u>8,433.96</u>	95,264.60

Merchandise Inventory	<u>48,128.09</u>	<u>48,128.09</u>
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TOTAL ASSETS		<u>170,295.40</u>
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LIABILITIES:

Accounts Payable:

Bookstore	15,233.39	
Bookstore Sales Tax	825.06	
Bowling and Games Sales Tax	12.61	
Excise Tax	<u>8.57</u>	16,079.63

Advances by ASB for Operation and Maintenance:

Bookstore	11,593.98	
Food Service	4,072.90	
Student Services	4,051.23	
Advance for Working Capital	<u>10,000.00</u>	29,718.11

STUDENT UNION CAPITAL ACCOUNT		<u>124,497.66</u>
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TOTAL LIABILITIES AND CAPITAL		<u>170,295.40</u>
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WALTER W. ISLE MEMORIAL UNION

Profit and Loss Statement
(Combined Report)

July 1, 1960 to June 30, 1961

<u>SALES AND INCOME:</u>		158,427.10	
Less: Refunds and Returns		<u>4,735.73</u>	
Net Sales			153,691.37
<u>COST OF GOODS SOLD:</u>			
Beginning Inventory - 7/1/60		47,821.77	
Purchases-Books and Supplies	128,294.32		
Freight and Postage	1,529.38		
Less: Cash Discount Earned	<u>37.81</u>		
Cost of Purchases		129,785.89	
Cost of Merchandise		<u>177,607.66</u>	
Less Inventory - 6/30/61		<u>48,128.09</u>	
Cost of Goods Sold			<u>129,479.57</u>
<u>GROSS PROFIT ON SALES:</u>			24,211.80
<u>OPERATING EXPENSES:</u>			
Bookstore		18,347.29	
Bowling and Games		7,400.07	
Student Services		<u>9,519.09</u>	<u>35,266.45</u>
<u>NET LOSS FROM OPERATIONS</u>			11,054.65
<u>ADDED INCOME</u>			
Commission on Used Books		84.35	
Food Service-5% Gross Sales		3,155.32	
Miscellaneous Income-Bookstore		13.95	
Sale of Obsolete Merchandise		<u>180.84</u>	<u>3,434.46</u>
TOTAL NET LOSS FROM OPERATIONS	7/1/60 to 6/30/61		<u>7,620.19</u>

WALTER W. ISLE MEMORIAL UNION

Bookstore

Profit and Loss Statement

July 1, 1960 to June 30, 1961

SALES:

Books and Supplies	152,426.35	
Less: Refunds and Returns	<u>4,735.73</u>	
Net Sales		147,690.62

COST OF GOODS SOLD:

Beginning Inventory - 7/1/60		47,821.77
Purchases - Books and Supplies	128,294.32	
Freight and Postage	1,529.38	
Less: Cash Discount Earned	<u>37.81</u>	
Cost of Purchases		<u>129,785.89</u>
Cost of Merchandise		<u>177,607.66</u>
Less Inventory - 6/30/61		<u>48,128.09</u>
Cost of Goods Sold		129,479.57

GROSS PROFIT ON SALES

18,211.05

OPERATING EXPENSES:

Advertising		40.80
Telephone and Telegraph		517.74
Office Supplies		396.35
Janitorial Supplies		97.20
Repair and Maintenance of Building		51.25
Insurance		190.51
Retirement		715.74
Repair and Maintenance of Equipment		152.03
Salaries		5,748.37
Wages		9,672.13
Operational Supplies		134.13
Dues		186.40
Travel		223.04
Laundry		79.42
Medical Insurance		136.18
Subscription to Paperback Catalog		<u>6.00</u>
Total Operating Expenses		<u>18,347.29</u>

NET OPERATING LOSS:

136.24

ADDED INCOME:

Commission on Used Books	84.35	
Miscellaneous Income	13.95	
Sale of Obsolete Merchandise	<u>180.84</u>	<u>279.14</u>

NET PROFIT

142.90

WALTER W. ISEL MEMORIAL UNION

Bowling and Games Area

Profit and Loss Statement

July 1, 1960 to June 30, 1961

INCOME:

Bowling	1,325.40	
Billiards	1,826.25	
Table Tennis	<u>410.55</u>	3,562.20

OPERATING EXPENSE:

Pinsetters	331.40	
Office Supplies	15.70	
Janitorial Supplies	141.00	
Repair and Maintenance of Building	7.48	
Retirement	197.12	
Salaries	752.90	
Wages	4,907.55	
Operational Supplies	196.10	
Laundry	120.99	
Insurance	178.12	
Dues	3.00	
Repair and Maintenance of Equip.	486.78	
Travel	10.81	
Medical Insurance	<u>51.12</u>	
Total Operating Expenses		<u>7,400.07</u>

TOTAL NET LOSS FROM OPERATIONS 7/1/60 to 6/30/61 3,837.87 (Deficit)

WALTER W. ISLE MEMORIAL UNION

Student Services

Profit and Loss Statement

July 1, 1960 to June 30, 1961

INCOME:

Credit Sales-Caps and Gowns	131.00	
Cigarette Machine	707.25	
Juke Box	390.20	
Locker Rental	26.00	
Special Sales	24.00	
Caps and Gowns - Cash Sales	<u>1,160.40</u>	2,438.55

OPERATING EXPENSE:

Office Supplies	35.91	
Gown Rental	414.50	
Janitorial Supplies	659.12	
Repair & Maintenance of Bldg.	34.98	
Repair & Maintenance of Equip.	199.47	
Contests and Prizes	67.15	
Decorations	35.00	
Retirement	235.41	
Salaries	2,072.75	
Wages	3,201.24	
Operational Supplies	184.04	
Insurance	780.46	
Rental-Entertainment	613.45	
Sales Tax Expense	.19	
Laundry	780.36	
Dues	19.75	
Posters	56.41	
Travel	2.08	
Medical Insurance	57.37	
Foreign Policy Kits	<u>29.45</u>	9,519.09

TOTAL NET LOSS FROM OPERATION - 7/1/60 to 6/30/61 7,080.54 (Deficit)

FOOD SERVICE STATEMENT

July 1, 1960 to June 30, 1961

INCOME:

5 % Gross Sales	<u>3,155.32</u>	<u>3,155.32</u>
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