

July 19, 2007

08-007

ACCUMULATION OF PRE-DEVELOPMENT COSTS –  
POTENTIAL BOND PROGRAM

PREPARED BY: Randy McEwen, District Vice President

APPROVED BY: Dr. Preston Pulliams, District President

REPORT: The Internal Revenue Code (IRC) permits certain pre-development costs to be included in the aggregate amount to be financed by tax-exempt debt offerings. The governing body of the agency issuing the debt must approve the inclusion of such costs, and must declare its intent in a resolution to be included the Offering Statement for the financing.

PCC needs to incur costs to develop a potential 2008 bond program, or to take advantage of opportunities to prepare the College for such a program. These costs include:

- Land & Property purchases, including associated design, legal and environmental expenses
- Other allowable professional fees

RECOMMENDATION: The Board approve the inclusion of bond program development expenses in the amount to be financed in an envisioned 2008 Bond program not to exceed \$320 million and declare its official intent to reimburse itself with the proceeds from the 2008 Bonds for any of the expenditures incurred by it prior to the issuance of the bonds to the extent permitted by the IRC or applicable Oregon law, subject to the Board's later approval of sending a 2008 bond program ballot measure to voters of the district.