

EXHIBIT A

**INTERGOVERNMENTAL AGREEMENT
BETWEEN SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON,
AND THE CITY OF PORTLAND**

This Intergovernmental Agreement ("IGA"), authorized pursuant to ORS 190.110, is entered into between School District No. 1J, Multnomah County, Oregon ("Portland Public Schools" or "District") and the City of Portland ("City"). District and City may be referred to individually as a "party" and collectively as "the parties."

RECITALS

- A. Education is one of the top four overarching goals of the City's Portland Plan.
- B. Arts and music are essential to a high quality, well-rounded education.
- C. National research links access to arts and music education to improved test scores, graduation rates and college admittance, particularly for lower-income students and students at risk. And, as of 2010, 44% of Portland's high school students did not graduate with their class.
- D. Budget cuts have resulted in a steep decline in arts and music education in Portland schools leaving over 11,500 students in 26 schools with no access to certified instruction in art, music, dance or drama as of 2012.
- E. Portland schools have fallen well behind the national average with only 18% of our elementary schools offering art instruction (compared to 83% nationally) and 58% of our elementary schools offering music (compared to 94% nationally).
- F. Certified in-school arts and music instruction is the cornerstone of a complete arts education, providing students with the opportunity to develop skills in creative and critical thinking, collaborating, and communicating.
- G. A complete arts and music education includes instruction by in-school teachers, arts experiences such as field trips and artist residencies, and arts integration in core subject areas that helps teachers utilize creativity to help children learn.
- H. Providing arts and music education for all students at the elementary school level ensures each student, regardless of means and background, is given equal opportunity to develop skills and grow, and that some students are not disadvantaged in this area as they enter middle school and high school.
- I. Elementary school is the most strategic point in the public education continuum to invest in arts education in order to ensure equal access and opportunity to develop skills and grow for all students from the beginning of student experience and prevent early disparities in access.

J. Cities with thriving arts and culture communities attract businesses, develop a creative workforce and create economic development opportunities across multiple sectors.

K. This IGA will assist in restoring arts and music education to our schools by providing stable, long-term funding for certified arts and music teachers – ensuring access to the arts for every Portland elementary school student.

L. The City's Revenue Bureau is authorized to receive gross revenues collected as a result of the Arts Education and Access Income Tax and distribute a portion of the Net Revenues to the District.

M. District has agreed to spend the money to ensure that funds are used to pay for the costs of providing certified arts teachers and music teachers to students in elementary schools within the District.

AGREEMENT

1. Recitals. The recitals above are hereby incorporated by reference.

2. Effective Date/Term. This IGA is effective from the date that all parties have executed this IGA. The term of this IGA is until June 30, 2014. It shall automatically renew each year for a period of three years thereafter so long as the Arts Education and Income Tax is in effect.

3. Definitions:

a. "Average teacher salary" means the average of all certified K-5 teachers' salaries within the District who are actually teaching school and not in full time administrative positions, calculated on the teachers' base pay, including associated employer-paid payroll costs, such as taxes, insurance and PERS, but excluding premium or differential pay, or any other sums that may be paid for the performance of duties outside of teaching classes during regular school hours. "Average teacher salary" does not include income imputed to, but not actually received by, a teacher as a result of the receipt of a taxable benefit, such as domestic partner insurance or long term disability insurance provided by the employer.

b. "Bureau" means the Revenue Bureau of the City of Portland.

c. "Catchment" means the geographical area from which an elementary school within a District draws its students.

d. "Gross Revenues" means the total of all revenue received by the City of Portland from the Arts Education and Access Income Tax without regard to collection, administrative or other costs.

e. "K-5 students" means District students in grades Kindergarten through 5th. "Portland K-5" students means students that reside within the geographical boundary of the City of Portland.

f. "Net Revenues" means the revenue remaining after collection, administrative and other costs and refunds are deducted from Gross Revenues.

g. "Schools" means those educational institutions defined as schools by the Oregon Department of Education, but do not include on-line schools.

4. Payment Calculation and Distribution of Funds: The City's Revenue Bureau will receive the money collected under the Arts Education and Access Income Tax and distribute a portion of Net Revenues to District as follows:

a. On or before October 15, 2013, District shall provide to the Bureau the number of K-5 students from schools within the District's Catchment and the current teacher salaries of certified K-5 teachers. In the case of charter schools, the number shall include only Portland K-5 students attending charter schools within District that have a Portland Catchment and no other charter school students. The number shall not include (i) students attending elementary schools within the School District that have no Portland K-5 students; and (ii) students attending elementary schools, including Portland K-5 students, if the school's catchment does not overlap with the City of Portland's geographical boundaries. In any event, distribution shall be made in conformance with City Code Section 5.73.030.

b. Based on the correct number provided by District, the Bureau will calculate the amount of Net Revenues owed to District as follows:

Average teacher salary X (the correct number of students provided by the District) ÷ 500 (hereafter "the Calculation").

c. Bureau shall then promptly pay 50% of the Net Revenues determined by the Calculation to District.

d. On or before January 31, 2014, the parties anticipate the Oregon Department of Education (ODE) will provide the Bureau with an updated and revised number of students, calculated in the same manner as specified in paragraph (a) above (hereafter referenced as "the revised number").

e. Based on the revised number provided by ODE, the Bureau will recalculate the amount of Net Revenues owed to District (hereafter "the Revised Calculation").

f. On or about March 15, 2014, the Bureau shall subtract the money already paid to District from the Revised Calculation and pay District the remaining Net Revenues owed to District.

g. In the event ODE fails to provide a revised number in order for the Bureau to pay the District the remaining Net Revenues owed by March 15, 2014, the parties agree to mutually discuss an acceptable alternative method of determining the revised number.

5. Provision of Services. District shall provide access to arts and/or music education through certified arts and/or music teachers to all K-5 students.

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6. Supplemental Funding. It is the intention of this IGA to add to the number of existing certified arts and music teachers without creating financial problems for District. Funds from the Arts Education and Access Fund will be used to meet the voter-approved teacher - student ratio of 1-500 for a certified arts or music teacher at each public school within the district that educates K-5 students and whose catchment overlaps with the City of Portland's geographical boundaries. The District will aspire to provide one full time equivalent of certified arts and/or music instruction at each qualifying school considering the District's financial outlook, strategic plan and related policies.

7. Audit. District will provide its Comprehensive Annual Financial Report (CAFR) each year to the Bureau for the purpose of tracking compliance with this IGA. The CAFR shall specifically identify the funds received and expended pursuant to this program.

8. Sequential Course of Study. The District will work with the Regional Arts and Cultural Council (RACC) staff to align a course of study for students Kindergarten through 12th grade. This course of study shall take into account the District's current courses, budgetary considerations and align with each school community's values. As funding for teachers from the Arts Education and Access Fund is restricted to schools serving students in grades K-5, the District will attempt to maintain the articulated course of study unless it compromises other academic priorities or budget considerations.

9. Minority Teacher Act. In accordance with Oregon's Minority Teacher Act, the District will strive, within the bounds of the law, to ensure that hired teachers reflect the student population.

10. Coordination with RACC. District will coordinate with the Regional Arts and Culture Council (RACC) to ensure that District is providing high-quality arts and music education based on the resources available including those provided by the Arts Education and Access Fund. In the event that RACC notifies the City that District is not meeting the expectations of this provision, the parties will consider this to be a "dispute" under this IGA and the City and District shall engage in dispute resolution as required by Paragraph 23.

11. Arts Education Coordination Meetings. The District agrees its superintendent shall attend an annual meeting convened by City Commissioner-in-Charge of arts and culture to discuss the state of arts education in Portland schools, the effects of Arts Education & Access Fund investments and any plans for continuous improvement. The meeting shall take place at minimum on an annual basis. District also agrees to provide high-level staff to attend quarterly meetings on arts education convened by RACC to monitor progress and plan for continuous improvement.

12. Use of Funds/Indemnification. District will use the Net Revenues it receives from the City in accordance with this IGA and shall not use the funds for any other purpose whatsoever. District shall hold harmless, indemnify and pay back the City for any expenditure of funds that is not in accordance with the requirements of this IGA.

13. Amendments. The terms of this IGA shall not be waived, altered, modified, supplemented, or amended, in any manner whatsoever, except by written instrument signed by

EXHIBIT A

both parties. The Mayor of the City of Portland, or designee, is authorized to amend this IGA provided it does not increase the cost to the City. This agreement regarding the use of the Arts Education & Access Fund has been developed collaboratively between the two signatories to this agreement. In that spirit of partnership, and to ensure flexibility to respond to an ever-changing fiscal environment and any unforeseeable hardships, both parties (City and District) agree to develop any amendment necessary to this agreement to preserve the ability of the District to deliver maximal arts education services to students without causing undue difficulties for either party. The current term of the IGA is one-year in order to formalize the goal of continuous improvement around the use of these funds and the delivery of arts and music education in schools, and this provision is intended to further document that intent.

14. Captions. The captions or headings in this IGA are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this IGA.

15. Law/Choice of Venue. Oregon law, without reference to its conflict of laws provisions, shall govern this IGA and all rights, obligations and disputes arising out of the IGA. Venue for all disputes and litigation shall be in Multnomah County, Oregon.

16. Severability/Survival. If any of the provisions contained in this IGA are held unconstitutional or unenforceable, the enforceability of the remaining provisions shall not be impaired. All provisions concerning the limitation of liability, indemnity and conflicts of interest shall survive the termination of this IGA for any cause.

17. No Third Party Beneficiary. City and District are the only parties to this IGA and as such, are the only parties entitled to enforce its terms. Nothing contained in this IGA gives or shall be construed to give or provide any benefit, direct, indirect, or otherwise to third parties unless third persons are expressly described as intended to be beneficiaries of its terms.

18. Merger Clause. This IGA constitutes the entire IGA between the parties. No waiver, consent, modification or change of terms of this IGA shall bind either party unless in writing and signed by both parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instance and for the specific purpose given. There are no understandings, IGAs, or representations, oral or written, not specified herein regarding this IGA.

19. Counterparts/Electronic Signatures. This IGA may be executed in any number of counterparts, all of which when taken together shall constitute one IGA binding on all Parties, notwithstanding that all Parties are not signatories to the same counterpart. The Parties agree that they may conduct this transaction, including any amendments or extension, by electronic means including the use of electronic signatures.

20. Assignment. No Party shall assign or transfer any interest in this IGA, nor assign any claims for money due or to become due under this IGA, without the prior written approval of the other Parties. This IGA shall bind and inure to the benefit of, and be enforceable by, the Parties hereto and their respective successors and permitted assigns.

EXHIBIT A

21. Subsequent Years. After the school year 2013/2014, the parties shall take the actions required above by the same dates in subsequent school years so long as the Arts Education and Access Income Tax remains in effect.

22. Termination. This IGA may be mutually terminated at any time by written consent of the parties. The City may unilaterally terminate this IGA if District fails to use the Net Revenues in accordance with this IGA. The District may unilaterally terminate this IGA if City fails to distribute the Net Revenues in accordance with this IGA.

23. Dispute Resolution. In the event a dispute arises regarding the use of the Net Revenues by District or any other matter covered by this IGA, the parties agree to have high level representatives of City and District engage in discussions before taking any legal action. If discussions fail to resolve the issue, the parties shall engage in mandatory mediation in an attempt to resolve the dispute. In the event of mediation, the parties shall each pay one-half of the mediator's bill. If mediation fails to resolve the matter, either party may take any legal action permitted to it under the law of the State of Oregon.

IN WITNESS WHEREOF, the duly authorized representatives of City and District have executed this Contract as of the date and year first above written.

DATED this _____ day of _____, 2012.

CITY

DISTRICT

City of Portland

**School District No. 1J,
Multnomah County, Oregon**

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: Carole Smith
Title: Superintendent
Date: _____

By: _____
Name: Gregory C. MacCrone
Title: Deputy Clerk
Date: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:

City Attorney
Date: _____

Jollee F. Patterson
Title: General Counsel
Date: _____

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- A. Education is one of the top four overarching goals of the City’s Portland Plan.
- B. Arts and music are essential to a high quality, well-rounded education.
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7. Audit. District will provide its Comprehensive Annual Financial Report (CAFR) each year to the Bureau for the purpose of tracking compliance with this IGA. The CAFR shall specifically identify the funds received and expended pursuant to this program.

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improvement around the use of these funds and the delivery of arts and music education in schools, and this provision is intended to further document that intent.

14. Captions. The captions or headings in this IGA are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this IGA.

15. Law/Choice of Venue. Oregon law, without reference to its conflict of laws provisions, shall govern this IGA and all rights, obligations and disputes arising out of the IGA. Venue for all disputes and Litigation shall be in Multnomah County, Oregon.

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17. No Third Party Beneficiary. City and District are the only parties to this IGA and as such, are the only parties entitled to enforce its terms. Nothing contained in this IGA gives or shall be construed to give or provide any benefit, direct, indirect, or otherwise to third parties unless third persons are expressly described as intended to be beneficiaries of its terms.

18. Merger Clause. This IGA constitutes the entire IGA between the parties. No waiver, consent, modification or change of terms of this IGA shall bind either party unless in writing and signed by both parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instance and for the specific purpose given. There are no understandings, IGAs, or representations, oral or written, not specified herein regarding this IGA.

19. Counterparts/Electronic Signatures. This IGA may be executed in any number of counterparts, all of which when taken together shall constitute one IGA binding on all Parties, notwithstanding that all Parties are not signatories to the same counterpart. The Parties agree that they may conduct this transaction, including any amendments or extension, by electronic means including the use of electronic signatures.

20. Assignment. No Party shall assign or transfer any interest in this IGA, nor assign any claims for money due or to become due under this IGA, without the prior written approval of the other Parties. This IGA shall bind and inure to the benefit of, and be enforceable by, the Parties hereto and their respective successors and permitted assigns.

21. Subsequent Years. After the school year 2013/2014, the parties shall take the actions required above by the same dates in subsequent school years so long as the Arts Education and Access Income Tax remains in effect.

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IN WITNESS WHEREOF, the duly authorized representatives of City and District have executed this Contract as of the date and year first above written.

DATED this _____ day of _____, 2012.

CITY

DISTRICT

City of Portland

School District _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: Superintendent
Date: _____

APPROVED AS TO FORM:

City Attorney
Date: _____