



Deloitte Consulting LLP
1125 NW Couch St.
Suite 600
Portland, OR 97209

March 4, 2026

Cover Letter

Ben Cannon
Executive Director
Higher Education Coordinating Commission
3225 25th Street SE
Salem, OR 97302

Re: Engagement Letter for Financial and Strategic Assessment at Southern Oregon University

Dear Mr. Cannon,

Deloitte understands that on February 3, 2026, Southern Oregon University (“SOU”) enacted immediate spending restrictions following a board meeting during which trustees discussed a forecasted negative cash balance by spring 2027. Left unaddressed, cash insolvency means that SOU would be unable to meet its financial obligations, including to employees, lenders, and vendors.

The 2026 Legislature is expected to adopt a Special Purpose Appropriation that provides for the possibility of emergency fiscal support to SOU. But before receiving this funding, SOU will be required to issue a report, by April 30, 2026, that describes how it will remain cash solvent for the remainder of the 2025-27 biennium and will achieve ongoing structural fiscal stability through at least 2027-29.

Failing to address SOU’s projected cash insolvency would result in a multi-million-dollar default on obligations to employees and others. This would have an enormous economic and educational impact on southern Oregon and the State of Oregon. Moreover, failing to quickly develop a turnaround plan is likely to trigger a sharp decline in public and student confidence in the university, further destabilizing the university’s finances through enrollment loss for 2026-27.

To support SOU and HECC, we have provided the following Statement of Work (“SOW”), representing Phase 1 of a potential two-phase process to assist SOU and HECC in its development and implementation of a transition plan for SOU.

Deloitte looks forward to supporting this work for SOU. If you have any questions or would like to discuss this SOW further, please contact me at (802)-281-2979 or mcluver@deloitte.com.

Sincerely,

Megan E. Cluver, Principal
Deloitte Consulting LLP



Informational Cover Page - Contract

THIS PAGE IS NOT PART OF THE CONTRACT

Agreement No. 25-178

AGREEMENT INFORMATION	
Project Title:	Emergency Financial Consultant for SOU
Effective Date:	Upon Execution
Expiration Date:	May 31, 2026
Contract Amount:	Not to Exceed \$500,000
Funding Source:	State Funds – PCA: _____ / DCR: _____
VENDOR INFORMATION	
Vendor:	Deloitte Consulting LLP
Address:	1125 NW Couch St. Suite 600 Portland, OR 97209
Project Contact:	Megan Cluver
Phone:	802-281-2979
Email:	mcluver@deloitte.com
Fiscal Contact:	Megan Cluver
Phone:	802-281-2979
Email:	mcluver@deloitte.com
HECC INFORMATION	
Contract Administrator:	Ben Cannon
Phone:	503-689-6548
Email:	Ben.Cannon@hecc.oregon.gov
Procurement Contact:	Derek Dizney
Phone:	503-979-5912
Email:	Derek.Dizney@hecc.oregon.gov



March 4, 2026

Statement of Work

Ben Cannon
Executive Director
Higher Education Coordinating Commission
3225 25th Street SE
Salem, OR 97302

Re: Engagement Letter for Financial and Strategic Assessment at Southern Oregon University

Mr. Cannon:

I am pleased to confirm that Deloitte Consulting LLP (“Deloitte¹”, “us,” or “we”) will perform the consulting services set forth in this Engagement Letter (the “Services”) to assist Southern Oregon University (“SOU”, “University”, or “Client”) in connection with a suite of strategic services aimed at providing a pathway to financial sustainability, if such a pathway exists.

1. Description of Approach, Scope, and Responsibilities

A. Overview

Deloitte will conduct a strategic and financial assessment to help the Higher Education Coordinating Commission (“HECC”) and Southern Oregon University (“SOU”) establish a fact-based, decision-ready path forward given SOU’s forecasted negative cash balance by spring 2027. We will work with HECC and SOU to develop a long-term structural financial model, including scenarios, key assumptions, and sensitivity analyses, to define a practical path to a balanced budget consistent with legislative direction. In parallel, we will assess SOU programs and functions that are “specifically meaningful to southern Oregon or the state,” evaluating sustainability and mission alignment and assisting HECC and SOU in their efforts to identify activities that may be preserved, consolidated, restructured, or discontinued to support long-term delivery capacity.

Building on these findings, Deloitte will conduct an initial evaluation of how SOU can sustainably support higher education needs in Oregon, and specifically in the Southern Oregon region. Deloitte will consider whether SOU can accomplish this goal as an independent, stand-alone institution, and will also consider alternative structures and partnership pathways. This analysis will be completed in collaboration with the SOU board and staff, HECC staff and, as appropriate, other Oregon higher education institutions. We will compare operational models and provide an initial view of feasibility informed by the financial model and program sustainability results, as determined by HECC and SOU. Throughout the engagement, we will execute an interested party engagement approach and

¹ As used in this document, “Deloitte” means Deloitte Consulting LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of our legal structure. Certain services may not be available to attest clients under the rules and regulations of public accounting.

provide communications and briefing materials for HECC and SOU leadership at key milestones. Deloitte will provide dedicated project management, including weekly coordination meetings, written status updates with risk flags every two weeks, and will manage the project schedule, deliverables, and production of the final report.

Timeline and Approach

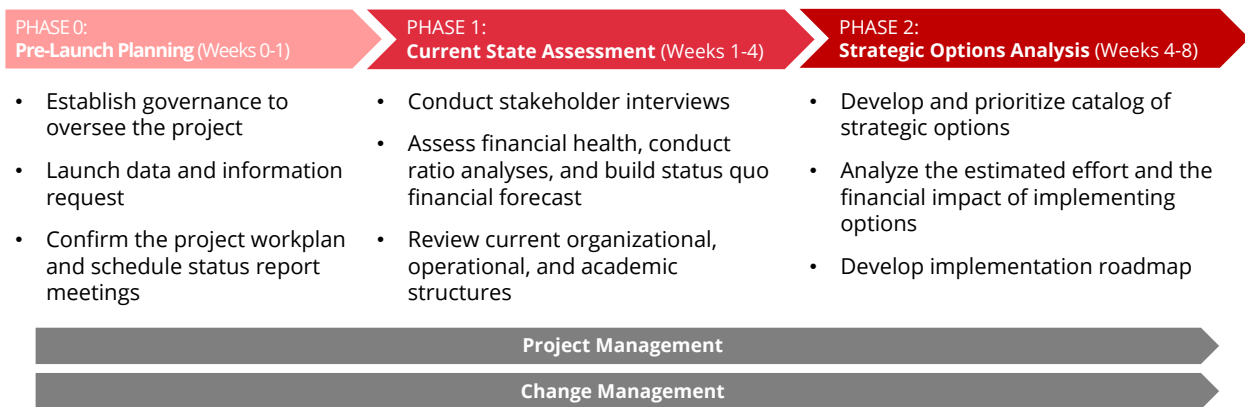


Figure 1: Project phases and deliverables

B. The Services

Deloitte will provide comprehensive analytical, strategic, financial, and facilitation services required to assist HECC and SOU in its development of a plan for financial sustainability that supports the higher education needs of the region and the State of Oregon. Deloitte’s work will include the following:

1. Long-term Structural Financial Modeling (2027–2029 Biennium)

- Develop potential financial models with scenarios, assumptions, and sensitivity analysis.
- Produce a potential path to a **balanced budget for the 2027–29 biennium**, which runs through FY2029, consistent with legislative direction.

2. Program and Function Assessment

- In collaboration with HECC and SOU, identify programs and functions “specifically meaningful to southern Oregon or the state.”
- In collaboration with HECC and SOU, evaluate the sustainability and mission alignment of those programs/functions.
- Identify elements that may be preserved, consolidated, restructured, or discontinued based on capacity for long-term delivery in alignment with HECC and SOU’s financial model and program sustainability results.

3. Initial Evaluation of Structures and Partnerships



- In collaboration with HECC staff and staff from other Oregon higher education institutions as appropriate, assess opportunities for partnerships, affiliations, service sharing, and/or mergers which necessitate collaboration.
- Compare operational models including:
 - Sustainability pathways that do not involve other institutions
 - Partnerships with Oregon institutions
 - Shared services frameworks
 - Potential alternative higher education structures and governance models
- Provide an initial evaluation of financial models, program sustainability findings, and structural/governance options, including an initial assessment of feasibility.

4. Interested Party Engagement and Communications Support

- Develop a rapid interested party input plan for students, faculty, staff, community members, and governance bodies.
- Conduct targeted 6-8 listening sessions and consultations.
- Over the course of the project, provide relevant first draft communications materials and briefing content for HECC and SOU leadership at milestone points.

5. Project Management and Coordination

- Assign a dedicated project lead and qualified team.
- Coordinate closely with HECC and SOU leadership; hold weekly meetings.
- Submit biweekly (i.e., every other week) written progress reports and risk flags.
- Manage schedule, deliverables, and production of the final report.

C. Deliverables

The Contractor shall produce the following deliverables on the specified schedule.

- 1. Project Kickoff Memorandum (March 7–10, 2026)**
 - a. Confirmed scope, data request, project timeline, partner engagement plan.
- 2. Draft Proposed Long-term Financial Model (Early April 2026)**
 - a. Multi-scenario modeling for the 2027–29 biennium (i.e., through FY2029), based in excel, providing the basis for scenario planning.
 - b. Documentation of assumptions and sensitivities
- 3. Program and Function Sustainability Assessment (Mid-April 2026)**
 - a. Categorization of programs/functions by mission relevance and sustainability



- b. Recommendations for long-term sustainability, aligned to the goal of meeting the higher education needs of the region and the State.

4. Initial Structural/Partnership Options Report (Mid-April 2026)

- a. Initial feasibility analysis of options for affiliations, shared services, or partnerships that could help to sustain SOU as an independent university, as well as an analysis of alternative governance structures.
- b. Comparative pros/cons and risk assessment, including assessment of risk, barriers, and magnitude of cost and time to realize results
- c. Prioritization metrics of opportunities for leadership discussion and decision-making (note, decisions are required by April 24 in order to meet the April 30 deadline for the Sustainability Report).

5. Proposed Final Financial Sustainability Plan (April 30, 2026)

- a. Fully integrates all required components, based on the decision made by the executive committee
- b. Prepared for HECC to submit to the legislature
- c. Includes executive summary and supporting technical appendices

6. Final Presentation (Late April 2026)

- a. Briefings to HECC leadership and SOU Board specifically but also potentially with the HECC Commission and a limited number of legislative members and/or state leaders, as agreed to by the parties. This will not require providing testimony to the Oregon State Legislature.
- b. Public facing slide deck summarizing findings.

Deliverable Acceptance Procedures

Outlined within this SOW are six deliverables as noted above in section 1C. These Deliverables, subject to Client's approval, will be reviewed and approved in accordance with the Approval of Deliverables section of the General Business Terms attached hereto as Appendix A.

It is important that all deficiencies (if any) be identified at the time of the initial review in order not to delay the Project and Services, as the project time-plan and the Deloitte fees do not contemplate multiple review and correction cycles. Deliverables requiring only minor corrections, which Deloitte has agreed to undertake within specified times, will be deemed approved so that the Services may continue as planned.

In order to move forward with the project plan contained herein, the Executive Committee shall provide final decisions and inputs by the following deadlines:

- Facilitate access to SOU data by **March 6, 2026**
- Approve or identify revisions on baseline financial forecast by **April 17, 2026**



- Approve or identify revisions on opportunities to move forward by **April 24, 2026**

D. HECC/SOU Responsibilities

HECC shall:

- Provide relevant background information, legislative directives, and prior analyses.
- Identify a single point of contact who will work with the team on a weekly basis to drive scheduling and information sharing, and will support the timely input of the SOU and HECC leadership into key findings and opportunities
- Facilitate timely access to SOU leadership and data, provided via excel and other digital formats.
- Serve as contract administrator and provide weekly guidance.
- Support SOU in public communications as needed.

SOU shall:

- Identify a single point of contact who will work with the team on a weekly basis to drive scheduling and information sharing, and will support the timely input of the SOU and HECC leadership into key findings and opportunities
- Produce requested data promptly (financial, enrollment, program, operational, and staffing data), provided via excel and other digital formats.
- Provide timely access to executive leadership, fiscal staff, and institutional research teams.
- Participate in interested party engagement activities.

2. Staffing, Timing, and Assumptions

A. Staffing

Deloitte expects to provide the following personnel to perform the Services:

Role	Availability	Description
Project Executive Megan Cluver	Part-Time	<ul style="list-style-type: none">• Provides Deloitte Consulting leadership, resources, and tools• Meets with SOU President and HECC leadership to work through the path forward• Provides program-wide oversight
Project Director Colin McWilliams	Part-Time	<ul style="list-style-type: none">• Maintains overall responsibility for delivery of the project• Meets with SOU President and HECC leadership to work through the path forward• Supervises Deloitte Consulting project resources• Oversees creation and submission of deliverables
Project Manager Audrey Coulter	Full-Time	<ul style="list-style-type: none">• Leads day-to-day Deloitte activities• Manages the Deloitte Consulting staff
Project Consultants (x3)	Full-Time	<ul style="list-style-type: none">• Support analysis and deliverable development
Subject Matter Advisors	Part-Time	<ul style="list-style-type: none">• Advise and consult on specific functional areas



The primary work location for the project will be remote. Certain activities performed over the course of this engagement may benefit from Deloitte being in-person in Oregon (e.g., interviews, major milestones, workshops). The Deloitte team expects 2-3 meetings in Oregon over the course of this work, potentially including time on the SOU campus.

B. Timing

PROJECT SCHEDULE

The Contractor shall adhere to the following accelerated schedule:

March 3 – Contract start; kickoff meetings; data request and interview request submitted

March 3 – 6 –SOU and HECC provide all data to the Deloitte team

March 7–10 – Kickoff Memorandum

March 20–25 – Short-term Stabilization Brief

Early April – Draft Long-term Financial Model

Mid-April – Program/Function Assessment and Structural Options Report

April 24 – Executive Committee Decision on Prioritized Opportunities Provided

April 24–28 – Final plan review and refinement

April 30 – Delivery of Final Sustainability Plan

C. Assumptions

The following is a list of some of the assumptions and expectations that, together with the information provided to Deloitte as of the date of this Engagement Letter, the nature and scope of the Services, the expected resource requirements and other commitments from Client, and the anticipated duration of the Services, form the “Assumptions” for this Engagement Letter and the basis of Deloitte Consulting’s pricing. A deviation from the Assumptions may cause changes to Deloitte’s schedule, fees, expenses, level of effort or otherwise impact Deloitte’s performance of the Services, and the parties will enter into a Change Order to reflect any adjustments to the Services and/or pricing for such services as a result thereof.

- Deloitte shall not use any Artificial Intelligence tools in performing services under this Contract, without HECC’s prior written approval.
- Client staff required for this project will be available, as needed, to support the project scope, purpose, objectives, approach, and activities.
- It is understood and agreed that the Services may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by Client leadership, who will ultimately be responsible for all future state decisions, including functions in scope, future state governance, reporting and operating models, and all personnel decisions.
- Client will provide access to project participants, within reason, to meet the proposed project timeline and address any reasonable and necessary follow-up inquiries during the project.



- Client will be available for workshops and meetings in keeping with the timeframe of the engagement and will work with Deloitte during Project Mobilization to confirm a realistic schedule and start date.
- Client communications will be timely and sufficient to manage appropriate levels of participation and appropriate level of quality assurance prior to distribution to Sponsors and Executives with allowances made for necessary time between meetings to conduct analyses and prepare materials.
- The Deloitte team will be given timely access to data and documentation in electronic format where feasible to provide ease of use and manipulation for analysis (e.g., Excel rather than PDF).
- Client will appoint a Project Manager to provide the team with ad hoc support if and when issues arise throughout the course of the project. This individual will be prepared to dedicate 5-15% time to this effort for the duration of our engagement.
- Client will manage the logistics around scheduling interviews and meetings, workplace needs of the Deloitte team (office space, internet access, printing), and timely data request fulfillment.
- Client Project Manager will promote resolution of open issues in a timely and consistent manner along with leadership oversight of the responses. Decisions to be made by Client will be made promptly and communicated to Deloitte.
- Deloitte will not be auditing any financial statement or providing any attestation services.
- Deloitte will have no responsibility for the performance of other contractors or vendors engaged by Client, or delays caused by them, in connection with the Services.
- Deloitte will not provide legal advice regarding our services nor will we provide assurance regarding the outcome of future audits or regulatory examination or other regulatory action. The responsibility for legal issues with respect to these matters, such as reviewing deliverables and work product for legal implications, regulatory compliance, or anything related, will be Client's responsibility.
- Deloitte will not provide any expert or other testimonial support in any judicial, legislative, or related hearings or proceedings related to the Services.
- The scope of the engagement as documented above shall remain unchanged, except as otherwise agreed by Deloitte and Client in a written Change Order.
- Engagement challenges and roadblocks (e.g., pushback raised by any campuses or project participants/interested parties) will be escalated by Deloitte and resolved by Client Project Leadership and/or Client Project Manager in a timely manner to adhere with the engagement timeline. Should these challenges and roadblocks not be resolved, Deloitte will share with Project Leadership the impact to timeline, scope, and fees in a timely fashion.
- Client will not provide Deloitte with access to any highly sensitive information, such as PII, PHI, trade secrets and other information that it considers highly confidential. Client will



immediately inform Deloitte in writing if such access is required or if it becomes aware that such sensitive information has been disclosed to Deloitte inadvertently or otherwise.

3. Change Orders

Either party may request changes to the scope of Services or other aspects of this Engagement Letter through a written change request. No changes to this Engagement Letter shall be effective until the parties sign a change order that amends this Engagement Letter (“Change Order”).

If any of the following events occurs and adversely impacts Deloitte’s timeline, staffing, cost or ability to perform the Services in accordance with this Engagement Letter (each, an “Impact Event”), the parties shall amend this Engagement Letter to eliminate such adverse impact:

- Delays are encountered that are beyond the reasonable control of Deloitte, including delays caused by Client’s other vendors,
- An assumption set forth in this Engagement Letter becomes invalid, or
- Client fails to meet its obligations under this Engagement Letter.

Deloitte shall promptly notify Client after becoming aware of an Impact Event. Notwithstanding anything to the contrary herein, if the parties do not execute a Change Order to address the Impact Event within thirty (30) days of such notice, Deloitte may, at its option, suspend or terminate the Services upon written notice to Client.

4. Fees, Expenses, and Payment Terms

Deloitte will perform the Services on a fixed-fee basis. Based on the scope, timing, Client responsibilities, and assumptions set forth herein, Deloitte’s fees for the Services will be \$475,000, which includes travel, lodging, out-of-pocket expenses, and applicable taxes required to conduct the services. Client and Deloitte will mutually agree to all travel, which are included at 2-3 working sessions in the state of Oregon, likely at the SOU campus.

Deloitte will invoice Client the amounts listed in the table below.

#	Invoice Description	Fee amount
1	After Submissions of Deliverables 1, 2 and 3	\$250,000
2	After Submission of Deliverables 4, 5, and 6	\$225,000
	Total	\$475,000



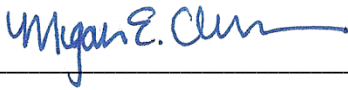
5. Terms and Conditions

The General Business Terms attached hereto as Appendix A are hereby incorporated into this Engagement Letter by this reference, will govern this engagement.

If this Engagement Letter is consistent with your understanding and acceptable to Client, please so indicate by countersigning this letter in the space indicated below and returning it to me at the address set out above.

Very truly yours,

DELOITTE CONSULTING LLP




Megan E. Cluver

Principal

ACCEPTED AND AGREED TO BY:

Higher Education Coordinating Commission



Authorized Signature

Ben Cannon
Executive Director

March 4, 2026
Date of Signature

Appendix A: General Business Terms

1. Services.

a) The services provided (the “Services”) by Deloitte Consulting LLP (“Deloitte Consulting”) under the engagement letter or statement of work to which these terms are attached (the “Engagement Letter”) may include advice and recommendations, but Deloitte Consulting will not make any decisions on behalf of Client in connection with the implementation of such advice and recommendations. For purposes of these terms and the Engagement Letter, “Client” shall mean the entity to which the Engagement Letter is addressed.

b) Notwithstanding any other provision of these terms or the Engagement Letter, performance dates contained in the Engagement Letter shall be regarded only as estimates. Nonetheless, Deloitte Consulting shall utilize diligent efforts to meet such dates and shall notify Client promptly if Deloitte Consulting encounters significant delays in completing the Services. Notwithstanding the foregoing, the April 30, 2026 deadline for the final deliverable is a hard deadline and time is of the essence as to that final deadline.

2. Payment of Invoices. Client will compensate Deloitte Consulting under the terms of the Engagement Letter for the Services performed and expenses incurred, through the term or effective date of termination of this engagement. Deloitte Consulting’s invoices are due within 30 days of receipt. If payment is not received within 45 days of receipt of an invoice, such invoice shall accrue a late charge if specified by any applicable prompt payment law, and Deloitte Consulting may also suspend or terminate the Services upon ten (10) days’ prior written notice if not paid within such notice period.

3. Term. Unless terminated sooner as set forth below, this engagement shall terminate upon the completion of the Services. Either party may terminate this engagement, with or without cause, by giving thirty (30) days prior written notice to the other party. In the event of a termination for cause, the breaching party shall have the right to cure the breach within the notice period. Deloitte Consulting may terminate this engagement or performance of any part of the Services upon written notice to Client if Deloitte Consulting determines that the performance of any part of the Services would be in conflict with law, or independence or professional rules. Notwithstanding any provision to the contrary, Client may terminate this Agreement immediately upon written notice in the event that it fails to receive funding, or appropriations, limitations, or other expenditure authority at levels sufficient to pay Deloitte Consulting for the services provided herein.

4. Deliverables.

(a) For purposes of these terms (i) “Technology” means works of authorship, materials, information and other intellectual property; (ii) “Deloitte Consulting Technology” means all Technology created prior to or independently of the performance of the Services, or created by Deloitte Consulting or its subcontractors as a tool for their use in performing the Services, plus any modifications or enhancements thereto and derivative works based thereon; and (iii) “Deliverables” means all Technology that Deloitte Consulting or its subcontractors create for delivery to the Client as a result of the Services.



b) Upon full and final payment to Deloitte Consulting hereunder, and subject to all other terms and conditions herein, Deloitte Consulting hereby (i) assigns to the Client all rights in and to the Deliverables, except to the extent they include any Deloitte Consulting Technology; and (ii) grants to the Client the right to use any Deloitte Consulting Technology included in the Deliverables in connection with its use of the Deliverables. Except for the foregoing license grant, Deloitte Consulting or its licensors retain all rights in and to all Deloitte Consulting Technology.

c) To the extent any Deloitte Consulting Technology provided to the Client hereunder is a product (to the extent it constitutes merchandise within the meaning of section 471 of the Internal Revenue Code), such Deloitte Consulting Technology is licensed to the Client by Deloitte Consulting as agent for Deloitte Consulting Product Services LLC on the terms and conditions herein. The assignment and license grant in Paragraph 4(b) do not apply to any Technology (including any modifications or enhancements thereto or derivative works based thereon) that is subject to a separate license agreement between the Client and a third party, including, without limitation, Deloitte Consulting Product Services LLC.

5. Limitation on Warranties. THIS IS A SERVICES ENGAGEMENT. DELOITTE CONSULTING WARRANTS THAT IT SHALL PERFORM THE SERVICES IN GOOD FAITH AND IN A PROFESSIONAL MANNER. DELOITTE CONSULTING DISCLAIMS ALL OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

6. Limitation on Damages and Indemnification.

a) Deloitte Consulting, its subsidiaries, subcontractors, and their respective personnel shall not be liable to Client for any claims, liabilities, or expenses relating to this engagement ("Claims") for an aggregate amount in excess of the fees paid by Client to Deloitte Consulting pursuant to this engagement, except to the extent resulting from the recklessness, bad faith or intentional misconduct of Deloitte Consulting or its subcontractors. In no event shall Deloitte Consulting, its subsidiaries, subcontractors, or their respective personnel be liable for any loss of use, data, goodwill, revenues or profits (whether or not deemed to constitute a direct Claim), or any consequential, special, indirect, incidental, punitive or exemplary loss, damage, or expense, relating to this engagement. In circumstances where any limitation on damages or indemnification provision hereunder is unavailable, the aggregate liability of Deloitte Consulting, its subsidiaries, subcontractors, and their respective personnel for any Claim shall not exceed an amount that is proportional to the relative fault that the conduct of Deloitte Consulting and its subcontractors bears to all other conduct giving rise to such Claim.

b) Deloitte Consulting shall indemnify, defend and hold harmless Client and its personnel from all Claims attributable to claims of third parties solely for bodily injury, death or damage to real or tangible personal property, to the extent directly and proximately caused by the negligence or intentional misconduct of Deloitte Consulting while engaged in the performance of the Services.

c) Deloitte Consulting agrees to indemnify, defend and hold harmless Client and its personnel from all Claims attributable to claims of third parties for infringement by a Deliverable of any U.S. patent existing at the time of delivery and known to Deloitte Consulting or copyright or any unauthorized use of any trade secret, except to the extent that such infringement or unauthorized use arises from, or could have been avoided except for (i) modification of the Deliverable other than by Deloitte Consulting or its subcontractors, or use thereof in a manner not contemplated by the Engagement Letter, (ii) the failure of the indemnified party to use any



corrections or modifications made available by Deloitte Consulting, (iii) information, materials, instructions, specifications, requirements or designs provided by or on behalf of the indemnified party, or (iv) the use of the Deliverable in combination with any platform, product, network or data not provided by Deloitte Consulting. If Client's use of any such Deliverable, or any portion thereof, is or is likely to be enjoined by order of a court of competent jurisdiction as such an infringement or unauthorized use, Deloitte Consulting, at its option and expense, shall have the right to (x) procure for Client the continued use of such Deliverable, (y) replace such Deliverable with a non-infringing Deliverable, or (z) modify such Deliverable so it becomes non-infringing; provided that, if (y) or (z) is the option chosen by Deloitte Consulting, the replacement or modified Deliverable is capable of performing substantially the same function. In the event Deloitte Consulting cannot reasonably procure, replace or modify such Deliverable in accordance with the immediately preceding sentence, Deloitte Consulting may require Client to cease use of such Deliverable and refund the professional fees paid to Deloitte Consulting with respect to the Services giving rise to such Deliverable. The foregoing provisions of this paragraph constitute the sole and exclusive remedy of the indemnified parties, and the sole and exclusive obligation of Deloitte Consulting, relating to a claim that any of Deloitte Consulting's Deliverables infringes any patent, copyright or other intellectual property right of a third party.

d) As a condition to the indemnity obligations contained herein, the Client shall provide Deloitte Consulting with prompt notice of any Claim for which indemnification shall be sought hereunder and shall cooperate in all reasonable respects with Deloitte Consulting in connection with any such Claim. Deloitte Consulting shall be entitled to control the handling of any such Claim and to defend or settle any such Claim, in its sole discretion, with counsel of its own choosing. The Oregon Department of Justice must approve in writing any counsel selected under this provision, which approval shall not be unreasonably withheld.

7. Client Responsibilities. Client shall cooperate with Deloitte Consulting hereunder, including, (i) providing Deloitte Consulting with reasonable facilities and timely access to data, information and personnel of Client; (ii) providing experienced and qualified personnel having appropriate skills to perform their assigned tasks and duties in a competent and timely fashion; (iii) providing a stable, fully functional system infrastructure environment which will support the Services and allow Deloitte Consulting and Client to work productively; and (iv) promptly notifying Deloitte Consulting of any issues, concerns or disputes with respect to the Services. With respect to the data and information provided by Client to Deloitte Consulting or its subcontractors for the performance of the Services, Client shall have the rights required to provide such data and information, and shall do so only in accordance with applicable law and with any procedures agreed upon in writing. Client shall be solely responsible for, among other things (a) the performance of its personnel and agents; (b) the accuracy and completeness of all data and information provided to Deloitte Consulting for purposes of the performance of the Services; (c) making all management decisions, performing all management functions and assuming all management responsibilities; and (d) designating a competent management member to oversee the Services. Deloitte Consulting's performance is dependent upon the timely and effective satisfaction of Client's responsibilities hereunder and timely decisions and approvals of Client in connection with the Services. Deloitte Consulting shall be entitled to rely on all decisions and approvals of Client.

8. Force Majeure. Neither party shall be liable for any delays or non-performance directly or indirectly resulting from circumstances or causes beyond its reasonable control, including, fire, epidemic or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order or requirement of any governmental agency or authority.



9. Limitation on Actions. If permitted by applicable law, the parties agree that no action, regardless of form, relating to this engagement, may be brought by either party more than one year after the cause of action has accrued, except that an action for non-payment may be brought not later than one year following the due date of the last payment owing to the party bringing such action.

10. Independent Contractor. Deloitte Consulting is an independent contractor and is not, nor shall be considered to be, nor shall purport to act as, Client's agent, partner, fiduciary, joint venturer, or representative.

11. Confidentiality.

To the extent that, in connection with this engagement, either party (each, the "receiving party") comes into possession of any confidential information of the other (the "disclosing party"), it will not disclose such information to any third party without the disclosing party's consent, using at least the same degree of care as it employs in maintaining in confidence its own confidential information of a similar nature, but in no event less than a reasonable degree of care. The disclosing party hereby consents to the receiving party disclosing such information (i) as expressly set forth in the Engagement Letter, (ii) to contractors in connection with the Engagement Letter that have agreed to be bound by confidentiality obligations similar to those in this Section, (iii) as may be required by law or regulation, or to respond to governmental inquiries, or in accordance with applicable professional standards or rules, or in connection with litigation pertaining hereto, or (iv) to the extent such information (A) is or becomes publicly available other than as the result of a disclosure in breach hereof, (B) becomes available to the receiving party on a nonconfidential basis from a source that the receiving party believes is not prohibited from disclosing such information to the receiving party, (C) is already known by the receiving party without any obligation of confidentiality with respect thereto, or (D) is developed by the receiving party independently of any disclosures made to the receiving party hereunder. Deloitte Consulting may, however, use and disclose any knowledge and ideas acquired in connection with the Services to the extent they are retained in the unaided memory of its personnel.

12. Survival and Interpretation. All provisions which are intended by their nature to survive performance of the Services shall survive such performance, or the expiration or termination of this engagement. In the event of any conflict or ambiguity between these terms and the Engagement Letter, these terms shall control. Each of the provisions of these terms shall apply to the fullest extent of the law, whether in contract, statute, tort (such as *negligence*), or otherwise, notwithstanding the failure of the essential purpose of any remedy. Any references herein to the term "including" shall be deemed to be followed by "without limitation."

13. Assignment and Subcontracting. Except as provided below, neither party may assign, any of its rights or obligations (including, interests or claims) relating to the Engagement Letter or the Services without the prior written consent of the other party. Client hereby consents to Deloitte Consulting assigning or subcontracting any portion of the Services to any affiliate or related entity and Deloitte Consulting shall advise Client in writing of its intent to use other subcontractors prior to their commencement of services.

14. Waiver of Jury Trial. Each of the parties hereby irrevocably waives, to the fullest extent permitted by law, all right to trial by jury in any action, proceeding or counterclaim (whether in contract, statute, tort (including, without limitation, negligence) or otherwise) relating to this engagement.



15. Entire Agreement, Amendment, and Notices. These terms, and the Engagement Letter, including attachments, constitute the entire agreement between the parties with respect to this engagement, supersede all other oral and written representations, understandings or agreements relating to this engagement, and may not be amended except by written agreement signed by the parties. All notices hereunder shall be (i) in writing, (ii) delivered to the representatives of the parties at the addresses set forth in the Engagement Letter, unless changed by either party by notice to the other party, and (iii) effective upon receipt.

16. Governing Law and Severability. These terms, the Engagement Letter, including attachments, and all matters relating to this engagement, shall be governed by, and construed in accordance with, the laws of the State of Oregon (without giving effect to the choice of law principles thereof). If any provision of these terms or the Engagement Letter is unenforceable, such provision shall not affect the other provisions, but such unenforceable provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth herein.