

March 31, 2006

UNIVERSITY PLACE LITIGATION SETTLED

(Boise) - The University of Idaho and the Consolidated Investment Trust (CIT), managed by the University of Idaho Foundation, will share in an \$8.3 million dollar mediated settlement of legal disputes arising from the University Place real estate project. Attorney General Lawrence Wasden, the University of Idaho and its Board of Regents, the University of Idaho Foundation, Inc., and the other parties announced the settlement today.

The State Board of Education, acting as the University's regents, approved the settlement earlier today. The Foundation's board and Attorney General Wasden previously approved the agreement. The Attorney General has enforcement authority regarding charitable trusts and oversight authority over non-profit corporations.

The CIT, which consists of several University of Idaho endowments and which is managed by the University of Idaho Foundation, will receive approximately \$5.8 million under terms of the settlement. In 2005, the Foundation initiated litigation to recover \$12 million originally borrowed from the CIT as interim financing for University Place. The University joined in that action. Prior to today's settlement, the Foundation repaid more than one-half of the original loan. The settlement will extinguish the remaining principal and interest balance the Foundation owes to the CIT.

In addition to the CIT portion of the settlement, the University of Idaho will receive \$2.5 million from the settlement funds to resolve all of the University's claims in the litigation. This payment will reimburse the University for some of the losses it incurred on this project.

The parties to the settlement are the University of Idaho Foundation and its directors, officers and volunteers; the University of Idaho; the University Regents; Attorney General Wasden on behalf of the Consolidated Investment Trust (CIT) and its beneficiaries; Great American Insurance Companies, the fidelity insurer for the University of Idaho and the University of Idaho Foundation; Philadelphia Indemnity Insurance Company, the directors and officers insurer for the University of Idaho Foundation; Attorneys Liability Protection Society, Inc., A Risk Retention Group ("ALPS") the insurers for the law firms and the attorneys; State of Idaho Department of Administration - Risk Management Group, insurer for the State of Idaho and its employees; the Givens Pursley LLP law firm and its attorneys Roy L. Eiguren, L. Edward Miller and Franklin G. Lee; the Elam & Burke law firm and its attorney Ryan Armbruster; former University of Idaho President Dr. Robert Hoover; and former University of Idaho Vice President of Finance and Administration Jerry Wallace.

"The settlement follows months of factual investigation subsequent to the filing of lawsuits. The settlement is an arms-length resolution reached in good faith after several days of negotiation with the help of a neutral mediator who has no ties to the project or any of the parties. The claims, counterclaims, and third-party claims arising out of University Place presented complicated issues of fact and law. The settlement is a reasonable resolution of an extremely complex matter, avoids substantial future litigation costs, and is in the best interest of the University community," the parties said in a joint statement.

The settlement extinguishes all claims that the parties have against each other, but is not an admission of fault or liability by any of its parties.

The Foundation's contribution to the global settlement fund is \$2.5 million. The \$5.8 million is being contributed by the parties' insurers. The amount contributed by or on behalf of any specific party by the private insurers is confidential and has not been disclosed to the Foundation, the University, the Regents or the Attorney General.

With this settlement, the Foundation has now reduced its losses associated with the University Place Project from over \$26 million to less than \$10 million.

The Honorable Terry Lukens, a retired Washington state court judge, acted as mediator. Judge Lukens is affiliated with JAMS, a nationwide company providing alternative dispute resolution services.

The Foundation's civil action against Civic Partners, which was the initial private developer and project manager for the University Place project, and Civic Partners' counterclaim against the Foundation are not part of the settlement and remain pending in state district court in Ada County.