BUSINESS AFFAIRS AND HUMAN RESOURCES
JANUARY 24-25, 2005

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INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY

SUBJECT

Property purchase, Boise State University.

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INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY

SUBJECT

Boise State University requests approval to finish-out 8,770 square feet in two buildings in the Capitol Village area of the Boise Campus.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections V.B.8. and V.K.

BACKGROUND

This project will remodel unfinished tenant space in buildings #1 and #2 of Capitol Village development. The project will include offices, clerical space, records storage room, workroom, conference rooms, restrooms and other similar work areas utilized for non-academic office space. A vestibule may be created between the two buildings to serve as the entrance to both groups of offices. Since the area in buildings #1 and #2 is currently only "shelled in" space, the scope of the finish-out project will include adding concrete floor slabs, interior partitions, acoustical panel ceiling systems, interior finishes, roof-top HVAC units, air distribution system, lighting, electrical work, and plumbing. The anticipated cost of this finish-out project is $636,537 (see attached project budget worksheet).

DISCUSSION

This space will be utilized to house offices currently located in the academic core of campus. As the University goal is to relocate as much non-academic space as possible out of the academic core to free up space for teaching, this space use is a good fit. The University intends to relocate the offices of University Advancement, University Relations, and University News Services to this location.

IMPACT

University Advancement, University Relations, and University News Services are currently located in the Education Building, with a small portion of the Advancement operation also located in the Allen Nobel Hall of Fame. Relocating University Advancement from their current office space on the 7th floor of the Education Building will make 2,920 square feet of space available for academic purposes. In addition, 315 square feet of space will be made available for other purposes in the Allen Nobel Hall of Fame. The new space in Capitol Village will also be an expansion of space for Advancement, Relations, and News Services. All such offices are currently in inadequate space. In fact, Advancement currently has several unfilled but SBOE approved positions that cannot be filled until space is available to house the employees. Additionally, the University has made public

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY – continued

its intention to begin a comprehensive capital and endowment campaign soon. As such, the University will utilize this space to provide a headquarters to operate the comprehensive campaign. The source of funding for this remodel is institutional reserves and lease revenues from Capitol Village leases.

STAFF AND COMMENTS AND RECOMMENDATIONS

Staff has reviewed this request for consistency with Board policy and believes the University is proceeding appropriately with its efforts to consolidate academic spaces in "core" areas while moving administrative staff and programs out those areas. Students and faculty are the beneficiaries of such a plan.

As the University mentioned, the structure is only "shelled in", which means there is no floor, heating/ventilating/air conditioning (HVAC), electrical or plumbing, interior partitions, ceilings, etc. That is the reason for the project cost appearing to be higher than other projects by comparison. This project is not merely painting or final finishes. The University will provide photos of the interior space. A previously-approved remodel for the art department will cost $50.00/square foot vs. $72.00/square foot for this remodel.

A Capital Project Tracking sheet is attached with the agenda material.

Staff recommends approval of this project.

BOARD ACTION

A motion to approve the finish-out remodel of Capitol Village Buildings #1 and #2 at a cost not to exceed $640,000.

Moved by ___________ Seconded by ___________ Carried Yes ____ No ____

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY - continued

PROJECT BUDGET WORKSHEET

BUILDING: CAPITOL VILLAGE

PROJECT TITLE: Capitol Village #1 and #2 Remodel

PRELIMINARY BUDGET: $636,537

CATEGORY		PRELIMINARY BUDGET
A/E Fees		$40,882
A/E Reimbursables		$4,088
Construction Manager Fees		$0
Construction Manager Reimbursables		$0
Commissioning Costs		$0
Materials Testing during construction		$1,500
Estimated Construction Cost	$511,022	
Construction Contingency (5%)	$25,551	
Subtotal Construction Contract & Contingency	$536,573	$536,573
OIT Telephone / Data Fees		$15,000
Moving Costs		$3,000
Utility Connection Fees / Impact Fees		$2,500
Project Contingency (5%)		$29,902
Plan Check Fees		$2,892
Advertising		$200
Site Survey		$0
Soil Investigation		$0
TOTAL		$636,537

Office of the Idaho State Board of Education
Capital Project Tracking Sheet
As of January 14, 2005

History Narrative

Institution/Agency: Boise State University **Project:** Capitol Village Remodel

Project Description: This project will remodel unfinished tenant space in buildings #1 and #2 (8.770 square feet) of the Capitol Village development. The project will include offices, clerical space, records storage room, workroom, conference rooms, restrooms and other similar work areas utilized for non-academic office space. A vestibule may be created between the two buildings to serve as the entrance to both groups of offices. Since the area in buildings #1 and #2 is currently only “shelled in” space, the scope of the finish-out project will include adding concrete floor slabs, interior partitions, acoustical panel ceiling systems, interior finishes, roof-top HVAC units, air distribution system, lighting, electrical work, and plumbing. This also includes a remodel of former retail space to accommodate 2 art classrooms, a computer lab, a computer teaching lab, art faculty offices, a presentation space, studios for masters program students, and a workshop for the the masters program.

Project Use: This space will be utilized to house offices currently located in the academic core of campus. As the University goal is it to relocate as much non-academic space as possible out of the academic core to free up space for teaching, this space use is a good fit. The University intends to relocate the offices of University Advancement, University Relations, and University News Services to this location. The Art Department will have classrooms, offices, computer labs, art studios, and work spaces for graphic design and master of fine arts students.

Project Size: 8,770 GSF; The Art Department will have approximately 9,800 square feet of remodeled spaces.

	Sources of Funds				Use of Funds			
	PBF	ISBA	Other *	Total Sources	Planning	Use of Funds Const	Other	Total Uses
Initial Cost of Project	$ -	$ -	$ 6,500,000	$ 6,500,000	$ -	$ -	$ 6,500,000	$ 6,500,000
History of Revisions:								
Revision #1: October 2004								
Remodel for Art Department			$ 495,000	$ 495,000	$ 37,000	$ 452,000	$ 6,000	$ 495,000
Revision #1: January 2005								
Remodel unfinished tenant space			$ 636,537	$ 636,537	$ 44,970	$ 536,573	$ 54,994	$ 636,537
Total Project Costs	$ -	$ -	$ 7,631,537	$ 7,631,537	$ 81,970	$ 988,573	$ 6,560,994	$ 7,631,537

History of Funding:	PBF	ISBA	|-------------------- * Other Sources of Funds Institutional Funds	Student Revenue	Other		Total Other --------------------|	Total Funding
Oct-04	$ -	$ -	$ 295,000		$ 200,000		$ 495,000	$ 495,000
Jan-04	$ -	$ -	$ 5,000,000		$ 1,500,000	(1)	$ 6,500,000	$ 6,500,000
Jan-05 Requested Increase			556,537		80,000	(2)	$ 636,537	$ 636,537
					-		-	-
Total	$ -	$ -	$ 5,851,537	$ -	$ 1,780,000		$ 7,631,537	$ 7,631,537

Notes: (1) Donated Property
(2) Lease Revenue from Capitol Village lease

REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

B. Budget Policies

8. Major Capital Improvement Project -- Budget Requests

For purposes of Item 8., the community colleges (NIC and CSI), the State Historical Society, and the State Library are included, except as noted in V.B.8.b. (2).

a. Definition
A major capital improvement is defined as the acquisition of an existing building, construction of a new building or an addition to an existing building, or a major renovation of an existing building. A major renovation provides for a substantial change to a building. The change may include a remodeled wing or floor of a building, or the remodeling of the majority of the building's net assignable square feet. An extensive upgrade of one (1) or more of the major building systems is generally considered to be a major renovation.

b. Preparation and Submission of Major Capital Improvement Requests

(1) Permanent Building Fund Requests
Requests for approval of major capital improvement projects to be funded from the Permanent Building Fund are to be submitted to the Office of the State Board of Education on a date and in a format established by the executive director. Only technical revisions may be made to the request for a given fiscal year after the Board has made its recommendation for that fiscal year. Technical revisions must be made prior to November 1.

(2) Other Requests
Requests for approval of major capital improvement projects from other fund sources are to be submitted in a format established by the executive director. Substantive and fiscal revisions to a requested project are resubmitted to the Board for approval. This subsection shall not apply to the community colleges.

c. Submission of Approved Major Capital Budget Requests
The Board is responsible for the submission of major capital budget requests for the institutions, school and agencies under this subsection to the Division of Public Works. Only those budget requests which have been formally approved by the Board will be submitted by the office to the executive and legislative branches.

REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY - continued

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES
SECTION: V. FINANCIAL AFFAIRS
Subsection: K. Constructions Projects **April 2002**

K. Construction Projects

1. Major Project Approvals - Proposed Plans
   Without regard to the source of funding, before any institution, school or agency under the governance of the Board begin formal planning to make capital improvements, either in the form of renovation or addition to or demolition of existing facilities, when the cost of the project is estimated to exceed five hundred thousand dollars ($500,000), must first be submitted to the Board for its review and approval. All projects identified on the institutions', school's or agencies' six-year capital plan must receive Board approval.

2. Project Approvals
   Without regard to the source of funding, proposals by any institution, school or agency under the governance of the Board to make capital improvements, either in the form of renovation or addition to or demolition of existing facilities, when the cost of the project is estimated to be between two hundred fifty thousand dollars ($250,000) and five hundred thousand dollars ($500,000), must first be submitted to the executive director for review and approval. Without regard to the source of funding, proposals by any institution, school or agency under the governance of the Board to make capital improvements, either in the form of renovation or addition to or demolition of existing facilities or construction of new facilities, when the cost of the project is estimated to exceed five hundred thousand dollars ($500,000), must first be submitted to the Board for its review and approval. Project cost must be detailed by major category (construction cost, architecture fees, contingency funds, and other). When a project is under the primary supervision of the Board of Regents or the Board and its institutions, school or agencies, a separate budget line for architects, engineers, or construction managers and engineering services must be identified for the project cost. Budgets for maintenance, repair, and upkeep of existing facilities must be submitted for Board review and approval as a part of the annual operating budget of the institution, school or agency.

3. Fiscal Revisions to Previously Approved Projects
   Project revisions that substantially alter the use of the project causing changes in project costs between two hundred fifty thousand dollars ($250,000) and five hundred thousand dollars ($500,000) must first be submitted to the executive director for review and approval. Changes in project costs of more than five hundred thousand dollars ($500,000) must first be submitted to the Board for its review and approval. Requests must be supported by a revised detailed project budget and justification for changes.

4. Project Acceptance
   Projects under the supervision of the Department of Administration are accepted by the Department on behalf of the Board and the state of Idaho. Projects under the supervision of an institution, school or agency are accepted by the institution, school or agency and the project architect. Projects under the supervision of the University of Idaho are accepted by the University on behalf of the Board of Regents.

5. Statute and Code Compliance

   a. All projects must be in compliance with Section 504 of the Rehabilitation Act of 1973 and must provide access to all persons. All projects must be in compliance with applicable state and local building and life-safety codes and applicable local land-use regulations as provided in Chapter 41, Title 39, and Section 67-6528, Idaho Code.

   b. In designing and implementing construction projects, due consideration must be given to energy conservation and long-term maintenance and operation savings versus short-term capital costs.
   c. This does not preclude a foundation or other legal entity separate and apart from an institution, school or agency under Board governance from taking title to real property in the name of the foundation or other organization for the present or future benefit of the institution, school or agency. (See Section V.E.)

   d. Acquisition of an option, lease, or any other present or future interest in real property by or on behalf of an institution, school or agency requires prior Board approval if the term of the lease exceeds five (5) years or if the cost exceeds two hundred fifty thousand dollars ($250,000) annually.

   e. Appraisal.

      An independent appraiser must be hired to give an opinion of fair market value before an institution, school or agency acquires fee simple title to real property.

   f. Method of sale - exchange of property.

      The Board will provide for the manner of selling real property under its control, giving due consideration to Section 33-601(4), applied to the Board through Section 33- 2211(5), and to Chapter 3, Title 58, Idaho Code. The Board may exchange real property under the terms, conditions, and procedures deemed appropriate by the Board.

   g. Execution.

      All easements, deeds, and leases excluding easements, deeds, and leases delegated authority granted to the institutions, school and agencies must be executed and acknowledged by the president of the Board or another officer designated by the Board and attested to and sealed by the secretary of the Board as being consistent with Board action.

3. Acquisition of Personal Property and Services

   a. Purchases of equipment, data processing software and equipment, and all contracts for consulting or professional services either in total or through time purchase or other financing agreements, between two hundred fifty thousand dollars ($250,000) and five hundred thousand dollars ($500,000) require prior approval by the executive director. The executive director must be expressly advised when the recommended bid is other than the lowest qualified bid. Purchases exceeding five hundred thousand dollars ($500,000) require prior Board approval.

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY

SUBJECT

Boise State University requests approval to select a design consultant to develop the appropriate proposals for an Indoor Practice Facility.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections V.B.8. and V.K.

BACKGROUND

This project will include an indoor practice facility of approximately 72,000 gross square feet to accommodate intercollegiate athletics practice during periods of inclement weather. In addition to providing practice space under shelter, this facility would provide a second field (in addition to Bronco Stadium) on which the football team and other athletic teams could practice. The indoor practice facility would be slightly larger in area than a football field to provide a cushion of space at the sidelines and end zones for passing routes and other sideline activity like throw-ins for soccer. To minimize injuries to the athletes and create a long lasting surface, the floor of the indoor practice facility would be covered with artificial turf similar to the quality of the product installed in Bronco Stadium. The project would also include approximately 9,900 gross square feet of space to accommodate the marching band, dance team and cheer leaders. This space will include practice rooms, dressing and locker rooms, offices and storage spaces for these groups.

The University is currently working with the Campus Master Plan architects to determine the best location for this facility that is proximate to the stadium.

DISCUSSION

The anticipated cost of this project is $8,000,000. The University proposes to utilize the design-build project delivery method (through the Division of Public Works) to expedite completion of the facility. A design consultant would be selected through DPW's Mid-Range Selection Process to develop a Request for Qualifications (RFQ) and Request for Proposals (RFP) for the project. Once this process is completed, the University will bring the design-build team selected through the regular DPW process, and a detailed project plan and budget to the Board for approval.

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY - continued

IMPACT

The University is currently working with the architects from Zimmer, Gunsel, Frasca Partnership to develop a comprehensive campus master plan. At the most recent meeting, the architects discussed a plan for an athletics "envelope" that would locate athletic facilities and amenities in the area surrounding the stadium and adjacent to the Taco Bell Arena. The University will finalize the site location for the indoor practice facility in consultation with the architect professionals and the athletics department to determine the best site location for the facility. The architects have proposed that the facility be located in close approximation to the stadium, while also maintaining the greenbelt and river amenities important to the overall campus environment.

This facility will also provide space for the marching band, dance team and cheerleaders. These groups currently utilize former racquetball courts under the east grandstand of the stadium. The current spaces are inadequate and will be converted to much needed storage space.

In addition to intercollegiate athletics, the indoor practice facility will be utilized for campus recreation and intramural sports. The University currently has only a single grass playing field (northwest of the Student Union) for campus recreation and intramural sports for the entire student body. The addition of an all weather field for such intramural sports is a welcome enhancement to the campus.

The Bronco Athletic Association will also utilize the indoor practice facility for events such as pre-game parties.

STAFF COMMENTS AND RECOMMENDATIONS

The University has not identified the source of funds for construction or consulting fees. Construction of the facility will possibly require additional costs, including replacement of lost on-campus parking. The source of ongoing operation and maintenance costs will be athletic department funds.

Staff confirmed with the Division of Public Works that the "Mid-Range" process will be used only to select an architect, who will prepare the "proposal" documents to be used for selection of the design-build team. The Mid-range process will not be used to select the design-build team.

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY - continued

BOARD ACTION

A motion to authorize Boise State University to proceed working with the Division of Public Works (DPW) to select a design consultant utilizing DPW's Mid-Range Selection Process for an amount not to exceed $80,000. This consultant will develop the Request for Qualifications (RFQ) and Request for Proposals (RFP) documents for an Indoor Practice Facility using the design-build project delivery method.

Moved by __________ Seconded by __________ Carried Yes ______ No ______

REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

B. Budget Policies

8. Major Capital Improvement Project -- Budget Requests

For purposes of Item 8., the community colleges (NIC and CSI), the State Historical Society, and the State Library are included, except as noted in V.B.8.b. (2).

a. Definition
A major capital improvement is defined as the acquisition of an existing building, construction of a new building or an addition to an existing building, or a major renovation of an existing building. A major renovation provides for a substantial change to a building. The change may include a remodeled wing or floor of a building, or the remodeling of the majority of the building's net assignable square feet. An extensive upgrade of one (1) or more of the major building systems is generally considered to be a major renovation.

b. Preparation and Submission of Major Capital Improvement Requests

(1) Permanent Building Fund Requests
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c. Submission of Approved Major Capital Budget Requests
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REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY - continued

K. Construction Projects

1. Major Project Approvals - Proposed Plans
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   b. In designing and implementing construction projects, due consideration must be given to energy conservation and long-term maintenance and operation savings versus short-term capital costs.

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY

SUBJECT

Feasibility study of Bronco Stadium with regard to a new skybox/press box complex and expansion of the stadium.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections V.B.8. and V.K.

BACKGROUND

At the June 17, 2004 Board meeting, Boise State University staff discussed the future plans for athletics facilities and notified the Board that an outside firm would be engaged to conduct a feasibility study for these various projects. At this time, University staff would like to present the findings of the feasibility study to the Board.

DISCUSSION

Based on the findings of the feasibility study, University staff will discuss the next steps and future plans for pursuing the identified projects. In addition, they will discuss the current and ongoing efforts of athletics department staff to secure commitments for skybox leases and club seating leases necessary to finance the project.

IMPACT

The purpose of this presentation is to inform the Board of the results of the study and to discuss future plans. No project approvals are being requested at this time.

STAFF COMMENTS

Staff is generally aware of the projects being discussed and will work with University staff prior to requests for future Board action.

BOARD ACTION

This item is for informational purposes only. Any action will be at the Board's discretion. Future Board action will be requested as projects are finalized and brought forward for Board approval.

REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

B. Budget Policies

8. Major Capital Improvement Project -- Budget Requests

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REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY - continued

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES
SECTION: V. FINANCIAL AFFAIRS
Subsection: K. Constructions Projects **April 2002**

K. Construction Projects

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5. Statute and Code Compliance

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   b. In designing and implementing construction projects, due consideration must be given to energy conservation and long-term maintenance and operation savings versus short-term capital costs.

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY

SUBJECT

Idaho State University (ISU) requests approval to exchange 1½ city lots for 1½ city lots with Varsity Square, LLC (Varsity). This item was deferred after initial discussion at the December Board meeting. An appraisal will be completed and submitted prior to the January Board meeting.

REFERENCE

December, 2004	Held over to January, 2005 pending more information

APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.I.1 and Section V.I.2.

DISCUSSION

ISU's College of Technology operates its diesel electric technology and building construction technology programs in the Dowling Building near the subject property. Varsity owns a distribution warehouse near the subject property. The exchange will facilitate locating ISU's and Varsity's parking areas contiguous to their respective buildings. Additionally, Varsity will pave the ISU parking area within nine months. Varsity will have public access to its property, however, ISU will provide a non-exclusive easement to Varsity for purposes of ingress and egress only, which will permit Varsity to maneuver trucks onto its property. The easement will not permit Varsity to use the ISU property for parking. This will enable Varsity access to conduct repairs or improvements upon its existing structure.

DOCUMENTS

Documents relating to the exchange of property, provided as attached exhibits, are as follows:

Exhibit A	Idaho State University – Varsity Square, LLC Agreement to Exchange Real Property
Exhibit B	Easement Agreement
Exhibit C	Warranty Deed (Varsity)
Exhibit D	Warranty Deed (ISU)
Exhibit E	Picture of Properties
Exhibit F	Appraisal (will be provided before meeting)

IMPACT

The proposed exchange will not involve the exchange of funds. The exchange will benefit ISU by providing a paved parking area contiguous to property in current use by ISU. The cost of paving is estimated to be approximately $18,000.

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY - continued

STAFF AND COMMENTS AND RECOMMENDATIONS

Staff has reviewed this request for consistency with Board policy and finds the proposal to be in the best interests of Idaho State University and the Board.

The appraisal was requested by Idaho State University but may not be available at the time of agenda publication due to a backlog with the commercial appraisal firm. The Board office will forward the document to Board members, expected to be the week prior to the upcoming meeting.

BOARD ACTION

A motion to approve an agreement between Idaho State University and Varsity Square, LLC to exchange real property, in the form presented to the Board, and to delegate signature authority in regard to such agreement to ______________.

Moved by ___________ Seconded by __________ Carried Yes_____ No_____

INSTITUTION / AGENCY AGENDA **Exhibit A**
IDAHO STATE UNIVERSITY-continued

IDAHO STATE UNIVERSITY - VARSITY SQUARE, LLC

AGREEMENT TO EXCHANGE REAL PROPERTY

1. Exchange Agreement. Varsity Square, LLC, an Idaho limited liability company (herein referred to as “Varsity”), hereby agrees with Alliance Title & Escrow Corp. (herein referred to as "Escrow Agent") and with the State of Idaho by and through the State Board of Education (herein referred to as the “Board”) under this Exchange Agreement to exchange certain real property owned respectively by Varsity and the Board (hereinafter referred to collectively as the “Exchanged Properties”). Varsity and the Board intend for this transaction to qualify as a tax-free exchange under Section 1031 and related sections of the Internal Revenue Code of 1986, as amended.

2. Property to be Received by the Board. Varsity shall transfer to the Board that certain property owned by Varsity in Bannock County, Idaho, which property is more particularly described in Exhibit "A" attached hereto (herein referred to as the "Varsity Property"). The Varsity Property includes all interests of Varsity in the property described; including, but not limited to, all appurtenances to the property.

3. Property To Be Received By Varsity. The Board shall transfer to Varsity that certain property owned by the Board in Bannock County, Idaho, which property is more particularly described in Exhibit "A" attached hereto (herein referred to as the "ISU Property"). The ISU Property includes all interests of the Board in the property described; including, but not limited to, all appurtenances to the property.

4. Covenants and Warranties.

(a) The acquisition of title to the Exchanged Properties shall occur through escrow in a manner so as to facilitate the transaction.

(b) Each of the parties shall not be obligated to assume any mortgage, deed of trust, debt or lease obligation on the property that it is to receive in this transaction.

(c) Varsity warrants that it is the fee title owner of the Varsity Property and that such property is free and clear of any mortgage, deed of trust, debt or lease obligation. The Board warrants that it is the fee title owner of the ISU Property and that such property is free and clear of any mortgage, deed of trust, debt or lease.

(d) Each party shall be solely responsible for securing any preliminary title report or title insurance policy on the property which it is to receive in this transaction.

INSTITUTION / AGENCY AGENDA **Exhibit A**
IDAHO STATE UNIVERSITY-continued

5. Closing. The closing shall take place at Alliance Title & Escrow Corp., 303 South 4th Avenue, Pocatello, Idaho, as soon as the closing documents can be prepared, which shall be on or before the 20th day of December, 2004.

6. Title. Title to the Exchanged Properties will be conveyed by Warranty Deed. Each of the parties has inspected the property which it is to receive in this transaction and agrees to accept such property in its present condition.

7. Prorations and Payment. All tax assessments or other charges on the Exchanged Properties shall be prorated as of the closing date. The parties shall equally pay all customary closing costs. No real estate commissions are to be paid by reason of the sale or transfer of the Exchanged Properties.

8. Possession. The parties shall be granted possession of the properties that they are to receive in this transaction as of the closing date.

9. Hold Harmless. Varsity agrees to hold the Board harmless from all claims in reference to the Varsity Property, and its use, up to and including the date of closing. The Board agrees to hold Varsity harmless from all claims in reference to the ISU Property, and its use, up to and including the date of closing.

10. Obligations of the Escrow Agent. The parties acknowledge that the Escrow Agent's only obligation will be to handle the closing and that Escrow Agent shall have no liability for performance of obligations hereunder, except as it may be authorized in acting as escrow in the exchange and the closing of this Agreement.

11. Default. In the event of default, the defaulting party agrees to pay the other party all costs incurred in enforcing this Agreement, including a reasonable attorneys fee in addition to all other amounts due hereunder and for damages caused by the default, whether or not court action is instituted.

12. Easement Agreement. In consideration of the exchange of properties provided in this Agreement, the parties further agree to enter into an easement agreement concurrent with the execution of this Exchange Agreement, which easement agreement shall be in the form attached hereto as Exhibit C.

13. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with regard to the exchange of the Exchanged Property, and supersedes all previous agreements and understandings between the parties relating to the subject matter of this Agreement. No amendment or modification of this Agreement shall be deemed effective unless and until executed in writing by the parties hereto with the same formality which attended the execution of this Agreement. Escrow Agent need not be a party to this Agreement and the remaining parties agree that the terms of this

INSTITUTION / AGENCY AGENDA **Exhibit A**
IDAHO STATE UNIVERSITY-continued

Agreement are binding upon them.

DATED this _____ day of December, 2004.

THE STATE OF IDAHO by and through the STATE BOARD OF EDUCATION	VARSITY SQUARE, LLC
By:______________________________	By:______________________________
Its:	Its Manager

Escrow Agent signs on the condition that the Escrow Agent is not responsible for any performance of obligations, liable for any non-performance, by either party.

ALLIANCE TITLE & ESCROW CORP.

By:______________________________
Its:

INSTITUTION / AGENCY AGENDA **Exhibit A**
IDAHO STATE UNIVERSITY-continued

Exhibit "A"

LEGAL DESCRIPTION OF VARSITY PROPERTY

All of Lot 1 and the North ½ of Lot 2, Block 437, Pocatello Townsite, Bannock County, Idaho, according to the Official Plat of Survey of said lands returned to the General Land Office by the Surveyor General.

SUBJECT TO all existing patent reservations, easements, rights of way, protective covenants, zoning ordinances and applicable building codes, laws and regulations.

INSTITUTION / AGENCY AGENDA **Exhibit A**
IDAHO STATE UNIVERSITY-continued

Exhibit "B"

LEGAL DESCRIPTION OF ISU PROPERTY

All of Lot 4 and the North ½ of Lot 5, Block 437, Pocatello Townsite, Bannock County, Idaho, according to the Official Plat of Survey of said lands returned to the General Land Office by the Surveyor General.

SUBJECT TO all existing patent reservations, easements, rights of way, protective covenants, zoning ordinances and applicable building codes, laws and regulations.

Exhibit "C"

EASEMENT AGREEMENT

INSTITUTION / AGENCY AGENDA **Exhibit B**
IDAHO STATE UNIVERSITY-continued

WHEN RECORDED, MAIL TO:
Varsity Square, LLC
Attention: David Hermansen
315 South 5th Avenue
Pocatello, Idaho 83201

EASEMENT AGREEMENT

THIS EASEMENT AGREEMENT (the "Agreement") is made and entered into this _____ day of ________________, 2004, by and between THE STATE OF IDAHO by and through THE STATE BOARD OF EDUCATION (hereafter referred to as the “Board”); and VARSITY SQUARE, LLC, an Idaho limited liability company (hereafter referred to as "Varsity").

RECITALS:

A. Pursuant to a written Exchange Agreement entered into on the same date as this Agreement, Varsity has become the owner of real property adjacent to Lot 3 of Block 437 of the Pocatello Townsite (hereinafter referred to as the “Subject Property”), more particularly described on Exhibit A attached hereto.

B. Pursuant to the referenced Exchange Agreement, Varsity became the owner of all of Lot 4 and the North ½ of Lot 5, Block 437, Pocatello Townsite, and Varsity has been previously the owner of all of Lots 6, 7, 8, 9 and 10 and the South ½ of Lot 5 of Block 437, Pocatello Townsite.

C. As a result of the exchange described in the Exchange Agreement, Varsity is now the owner of all of Lots 4, 5, 6, 7, 8, 9 and 10, Block 437, Pocatello Townsite, Bannock County, Idaho (hereinafter referred to as the “Varsity Property”), and the Board is now the owner of Lots 1, 2 and 3, Block 437, Pocatello Townsite (hereinafter referred to as the “ISU Property”).

D. The Board and Varsity desire to further document their agreement with regard to an easement over the Subject Property, which is a portion of the ISU Property.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiently of which is hereby acknowledged, the parties hereto agree as follows:

1. The Board hereby grants, conveys and assigns to Varsity and its tenants, licensees, permitees, successors and assigns a non-exclusive right of way and

INSTITUTION / AGENCY AGENDA **Exhibit B**
IDAHO STATE UNIVERSITY-continued

easement over and across the Subject Property described on Exhibit AA@ attached and made a part hereof. The easement shall be used for the purposes of construction and maintenance of improvements on the Varsity Property or any portion thereof, and for ingress and egress to and from the Varsity Property or any portion thereof. The easement granted herein shall be a private one and shall not be for public use.

2. Varsity shall make a single application of asphalt paving upon the entirety of the ISU Property as soon as weather permits following the execution of this Agreement, but in no event more than nine months from the date of the execution of this Agreement. Such asphalt application shall be performed in a workmanlike manner and to a standard of not less than that of the existing Varsity parking lot on the Varsity Property referred to in this Agreement.

3. The parties shall, at their own expense, comply with all applicable laws, regulations, rules and orders regardless of when they become or became effective, including, without limitation, those relating to health, safety, noise, environmental protection, waste disposal and water and air quality.

4. The permission herein given is not exclusive, the Board reserving for itself, its agents, successors, assigns, agents, employees, and licensees the right to use said easement and rights jointly with Varsity. The Board shall not build any structures on the Subject Property and shall not erect any fences or obstruction which would preclude Varsity from its use of the easement for ingress and egress. Varsity shall otherwise cooperate with and accommodate the use of the Subject Property by the Board, and Varsity's use of the easement shall be performed in a manner to minimize the possibility of any interference with, or disruption of, the ownership of the Board, or the use and enjoyment of the Subject Property by the Board or its invitees.

5. The rights, easements and covenants of this Agreement are perpetual covenants and easements running with the land, and shall inure to the benefit of and be binding upon the parties hereto and their successors and assigns.

6. This Agreement shall be construed in accordance with the laws of the State of Idaho.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

THE STATE OF IDAHO by and through VARSITY SQUARE, LLC
THE STATE BOARD OF EDUCATION

INSTITUTION / AGENCY AGENDA **Exhibit B**
IDAHO STATE UNIVERSITY-continued

By:_______________________________ By:_________________________________
Its: Its Manager

STATE OF IDAHO)
:ss.
COUNTY OF _________________)

On the ______ day of _______________, 2004, before me, the undersigned Notary Public in and for said State, personally appeared _________________________, known or identified to me to be the ______________________ of the Idaho State Board of Education, the governmental agency or entity that executed the foregoing instrument, and acknowledged to me that he/she executed the same for and on behalf of the Idaho State Board of Education.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

____
Notary Public for Idaho
Residing at _________________, Idaho
My Commission Expires:

STATE OF IDAHO)
:ss.
COUNTY OF BANNOCK)

On the ______ day of _______________, 2004, before me, the undersigned Notary Public in and for said State, personally appeared _________________________, known or identified to me to be the Manager of Varsity Square, LLC, the limited liability company that executed the foregoing instrument, and acknowledged to me that he executed the same for and on behalf of said limited liability company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

____
Notary Public for Idaho
Residing at _________________, Idaho
My Commission Expires:

INSTITUTION / AGENCY AGENDA **Exhibit B**
IDAHO STATE UNIVERSITY-continued

EXHIBIT A

All of Lot 3, Block 437, Pocatello Townsite, Bannock County, Idaho, according to the Official Plat of Survey of said lands returned to the General Land Office by the Surveyor General.

INSTITUTION / AGENCY AGENDA **Exhibit C**
IDAHO STATE UNIVERSITY-continued

WARRANTY DEED

FOR VALUE RECEIVED, VARSITY SQUARE, LLC, an Idaho limited liability company, the grantor, does hereby grant, bargain, sell and convey unto THE STATE OF IDAHO by and through the STATE BOARD OF EDUCATION, the grantee, whose address is Idaho State University Campus Box 8219; Pocatello, Idaho 83209 (Attn: Kenneth R. Prolo), the following described premises, in Bannock County, Idaho, to wit:

> All of Lot 1 and the North ½ of Lot 2, Block 437, Pocatello Townsite, Bannock County, Idaho, according to the Official Plat of Survey of said lands returned to the General Land Office by the Surveyor General.
>
> SUBJECT TO all existing patent reservations, easements, rights of way, protective covenants, zoning ordinances and applicable building codes, laws and regulations.

TO HAVE AND TO HOLD the said premises, with their appurtenances unto the said grantee and its successors and assigns forever, and the said grantor does hereby covenant to and with the said grantee that it is the owner in fee simple of said premises and that they will warrant and defend the same from all lawful claims whatsoever.

Dated this _____ day of December, 2004.

VARSITY SQUARE, LLC

By:___________________________
Its Manager

STATE OF IDAHO)
:ss.
COUNTY OF BANNOCK)

On the ______ day of December, 2004, before me, the undersigned Notary Public in and for said State, personally appeared ___________________________, known or identified to me to be the Manager of Varsity Square, LLC, the limited liability company that executed the foregoing instrument, and acknowledged to me that he executed the same for and on behalf of said limited liability company.

INSTITUTION / AGENCY AGENDA **Exhibit C**
IDAHO STATE UNIVERSITY-continued

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

____
Notary Public for Idaho
Residing at _________________, Idaho
My Commission Expires:

INSTITUTION / AGENCY AGENDA **Exhibit D**
IDAHO STATE UNIVERSITY-continued

WARRANTY DEED

FOR VALUE RECEIVED, THE STATE OF IDAHO by and through the STATE BOARD OF EDUCATION, the grantor, does hereby grant, bargain, sell and convey unto VARSITY SQUARE, LLC, an Idaho limited liability company whose address is 350 South 5th Avenue; Pocatello, Idaho 83201, the grantee, the following described premises, in Bannock County, Idaho, to wit:

> All of Lot 4 and the North ½ of Lot 5, Block 437, Pocatello Townsite, Bannock County, Idaho, according to the Official Plat of Survey of said lands returned to the General Land Office by the Surveyor General.
>
> SUBJECT TO all existing patent reservations, easements, rights of way, protective covenants, zoning ordinances and applicable building codes, laws and regulations.

TO HAVE AND TO HOLD the said premises, with their appurtenances unto the said grantee and its successors and assigns forever, and the said grantor does hereby covenant to and with the said grantee that it is the owner in fee simple of said premises and that it will warrant and defend the same from all lawful claims whatsoever.

Dated this _____ day of _______________, 2004.

THE STATE OF IDAHO by and through the
STATE BOARD OF EDUCATION

By:________________________________
Its:

STATE OF IDAHO)
:ss.
COUNTY OF ________________)

On the ______ day of _______________, 2004, before me, the undersigned Notary Public in and for said State, personally appeared ___________________________, known or identified to me to be the ______________________ of the Idaho State Board of Education, the governmental agency or entity that executed the foregoing instrument, and acknowledged to me that he/she executed the same for and on behalf of the Idaho State Board of Education.

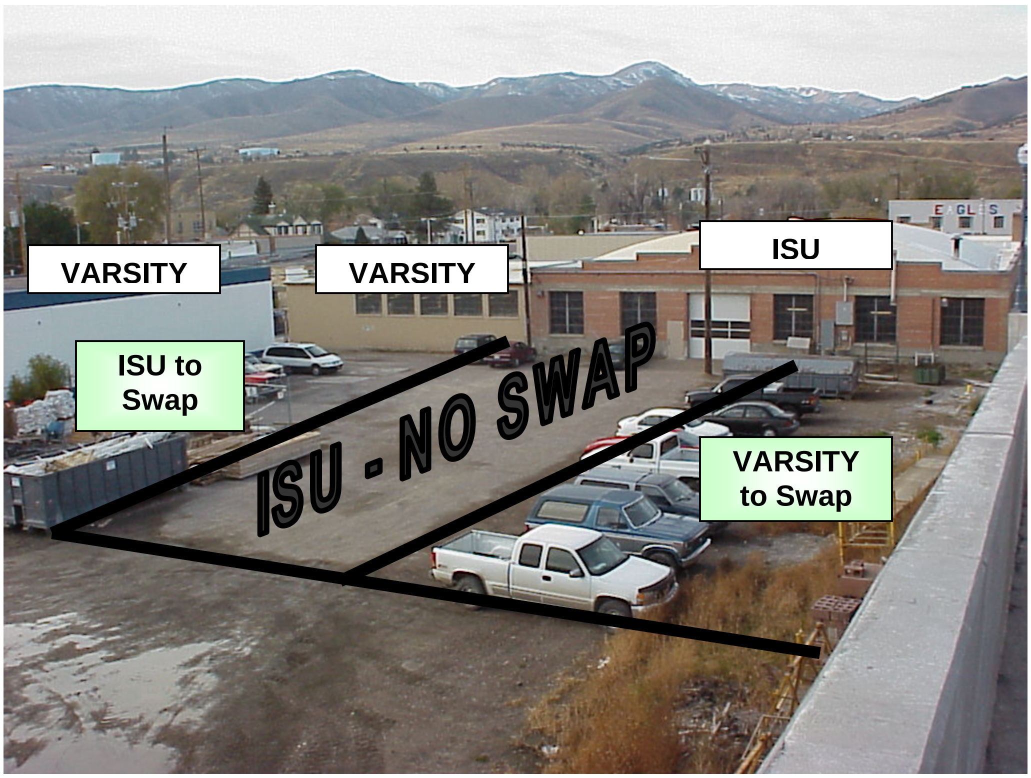
INSTITUTION / AGENCY AGENDA **Exhibit D**
IDAHO STATE UNIVERSITY-continued

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

____
Notary Public for Idaho
Residing at ________________, Idaho
My Commission Expires:

INSTITUTION / AGENCY AGENDA **EXHIBIT E**
IDAHO STATE UNIVERSITY – continued

PICTURE OF PROPERTIES



The building on the right is ISU's Dowling Building, with the parking area right in front of it owned by Varsity Contractors. The two buildings on the left are owned by Varsity Contractors, with the parking area right in front of them owned by ISU. The request is to exchange the two parking areas so that the individual using the buildings are able to park next to their respective buildings.

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REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES
SECTION: V. FINANCIAL AFFAIRS
Subsection: I. Real and Personal Property and Services **April 2002**

I. Real and Personal Property and Services
1. Authority

a. The Board may acquire, hold, and dispose of real and personal property pursuant to Article IX, Section 2 and Article IX, Section 10, Idaho Constitution, pursuant to various sections of Idaho Code.

b. Leases of office space or classroom space by any institution, school or agency except the University of Idaho are acquired by and through the Department of Administration pursuant to Section 67-5708, Idaho Code.

c. All property that is not real property must be purchased consistent with Sections 67-5715 through 67-5737, Idaho Code, except that the University of Idaho may acquire such property directly and not through the Department of Administration. Each institution, school and agency must designate an officer with overall responsibility for all purchasing procedures.

d. Sale, surplus disposal, trade-in, or exchange of property must be consistent with Section 67-5722, Idaho Code, except that the University of Idaho may dispose of such property directly and not through the Department of Administration.

e. If the executive director finds or is informed that an emergency exists, he or she may consider and approve a purchase or disposal of equipment or services otherwise requiring prior Board approval. The institution, school or agency must report the transaction in the Business Affairs and Human Resources agenda at the next regular Board meeting together with a justification for the emergency action.

2. Acquisition of Real Property

a. Any interest in real property acquired for the University of Idaho must be taken in the name of the Board of Regents of the University of Idaho.

b. Any interest in real property acquired for any other institution, school or agency under the governance of the Board must be taken in the name of the state of Idaho by and through the State Board of Education.

c. This does not preclude a foundation or other legal entity separate and apart from an institution, school or agency under Board governance from taking title to real property in the name of the foundation or other organization for the present or future benefit of the institution, school or agency. (See Section V.E.)

d. Acquisition of an option, lease, or any other present or future interest in real property by or on behalf of an institution, school or agency requires prior Board approval if the term of the lease exceeds five (5) years or if the cost exceeds two hundred fifty thousand dollars ($250,000) annually.

e. Appraisal.

An independent appraiser must be hired to give an opinion of fair market value before an institution, school or agency acquires fee simple title to real property.

f. Method of sale - exchange of property.

The Board will provide for the manner of selling real property under its control, giving due consideration to Section 33-601(4), applied to the Board through Section 33- 2211(5), and to Chapter 3, Title 58, Idaho Code. The Board may exchange real property under the terms, conditions, and procedures deemed appropriate by the Board.

g. Execution.

All easements, deeds, and leases excluding easements, deeds, and leases delegated authority granted to the institutions, school and agencies must be executed and acknowledged by the president of the Board or another officer designated by the Board and attested to and sealed by the secretary of the Board as being consistent with Board action.

Exhibit F – Appraisal will be inserted at end of this document

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO

SUBJECT

Authorization for issuance of refunding bonds under single bond system.

REFERENCE

June 2003	Board approved ISU Single Bond System Concept
October 2003	Presentation on Single Bond System Concept for BSU, no Board action
December 2003	Board approved BSU Single Bond System Concept
December 2004	UI information item presented to the Board regarding its intent to issue tax-exempt revenue bonds to refund bonds and to initiate a single bond system.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies and Procedures, Section V.F.

BACKGROUND

The University of Idaho (the University) requests the Regents' approval to issue approximately $19,000,000* in tax-exempt revenue refunding bonds (the "Series 2005A Bonds") pursuant to the Supplemental Bond Resolution. The refunding of certain of the University's Series 1996 Telecommunications, Series 1997 Commons bonds and Series 1999 Recreation Center bonds would result in a debt service net present value savings in the amount of approximately $1,000,000* net of the bond insurance and other costs of issuance which will be paid with proceeds of the Series 2005A Bonds.

DISCUSSION

Refunding:

The University, with the assistance of its bond underwriter, periodically reviews outstanding bond issues to assess when it is advisable to refinance bonds to take advantage of savings that may be available due to lower interest rates. The University will not be extending the maturity date of existing bonds, but rather achieving savings solely through current low interest rates.

* Exact amount will be available at meeting.

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO - continued

Single Bond System:
At the advice of bond experts and based upon best practices in the industry, the University of Idaho proposes to reform its bond system to industry standards. This modernization will, over time, consolidate several revenue streams for current bond systems within the University, and utilize the efficiencies and economy of scale of a single system. The University's strategy in creating a single system is to enhance the security and source of payments for its bondholders, while increasing financial flexibility and still maintaining the highest level of accountability for individual enterprises.

Ratings:
Bonds are likely to be rated “AAA” based on bond insurance. Moody’s Investors Service and Standard & Poor’s confirmed the University’s current ratings of “A1” and “A+”, respectively, each with a stable outlook.

Documents Provided Before the Meeting:
With this agenda item, the University is submitting the following documents as Attachments:

1. Preliminary Official Statement to be made available to potential investors on January 14, 2005.
2. Supplemental Bond Resolution
3. Bond Purchase Agreement

A fourth document, the Rating Agency Reports, will be made available to Board members as soon as it is provided to Board staff.

Documents to be Provided Immediately Prior to the Meeting:
Once pricing is concluded, the University will be able to provide the following at the meeting.

1. Number run showing final amounts, interest rates and maturities on the Bonds
2. Insert of pages 6 and 7 to Supplemental Bond Resolution showing rates and maturities of the Bonds
3. Insert of new Appendix A to Bond Purchase Agreement showing rates and maturities of the Bonds.

Bond pricing will occur during the day of January 25, 2005.

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO - continued

IMPACT

The University estimates that lower interest rates will result in total, as well as present value, debt service savings. The exact amounts will be determined when the bonds are priced.

STAFF COMMENTS AND RECOMMENDATIONS

Without having the ability to review all of the documents referenced herein, staff must rely upon the expertise of bond counsel retained for this purpose. As noted in “Reference” (above), Boise State University and Idaho State University have implemented, with Board approval, this single bond system.

In light of the above comments and caveats, staff recommends approval of this request.

BOARD ACTION

A Motion to approve a Supplemental Resolution for the Series 2005 Bonds, the title of which is as follows:

> A SUPPLEMENTAL RESOLUTION authorizing the issuance and sale of $___________[1] General Revenue Refunding Bonds, Series 2005A, of the Regents of the University of Idaho; authorizing the execution and delivery of a Bond Purchase Agreement and providing for other matters relating to the authorization, issuance, sale and payment of the Series 2005A Bonds and the creation of a single bond system.

Moved by ________ Seconded by ________ Carried Yes _____ No _____

[1] Exact amount will be available at the meeting. Approximately $19,000,000.

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PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 14, 2005

NEW ISSUE – BOOK ENTRY ONLY **RATINGS: SEE "*RATINGS*" HEREIN.**

In the opinion of Hawley Troxell Ennis & Hawley LLP, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Series 2005A Bonds is not included in gross income under present federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series 2005A Bonds is not included in alternative minimum taxable income as defined in Section 55(b)(2) of the Code under present federal income tax laws except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and interest on the Series 2005A Bonds is not included in Idaho taxable income under present Idaho income tax laws. See "TAX EXEMPTION" herein.

$__________*

THE REGENTS OF THE UNIVERSITY OF IDAHO

General Revenue Refunding Bonds, Series 2005A

Dated: Date of Delivery **Due: April 1, as shown on inside cover**

Description: The Regents of the University of Idaho's General Revenue Refunding Bonds, Series 2005A (the "Series 2005A Bonds") are issued as fully registered bonds and, when delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2005A Bonds. Ownership interests in the Series 2005A Bonds will be in minimum denominations of $5,000 and multiples thereof. Beneficial Owners of the Series 2005A Bonds will not receive physical bonds, but will receive a credit balance on the books of the nominees of such purchasers. Interest on the Series 2005A Bonds is payable on April 1 and October 1 of each year commencing April 1, 2005. Principal, prepayment premium, if any, and interest due with respect to the Series 2005A Bonds will be payable by Wells Fargo Bank, N.A., Boise, Idaho, as Trustee, to DTC, which will, in turn, remit such principal, prepayment premium, if any, and interest due with respect to the Series 2005A Bonds.

Redemption: The Series 2005A Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

Purpose: The Series 2005A Bonds are being issued to refund certain outstanding bonds of the University of Idaho (the "University"), to fund the debt service reserve account, and to pay costs of issuance.

Authority: Article IX, Section 10 of the Constitution of the State of Idaho confirmed the Regents of the University of Idaho (the "Regents") as the governing body for the University. Under Idaho law, the Regents are a body politic and corporate and an independent instrumentality of the State of Idaho. The Series 2005A Bonds are being issued as "Additional Bonds" pursuant to a Resolution adopted by the Regents on November 22, 1991, providing for the issuance of revenue bonds (the "Original Resolution"). The Original Resolution provided for the issuance of an initial series of facility revenue bonds and authorized the issuance of additional series of revenue bonds pursuant to Supplemental Resolutions, if certain conditions are met. The Series 2005A Bonds are being issued under a supplemental resolution (the "Supplemental Resolution") to be adopted by the Regents on January 25, 2005. See "*THE SERIES 2005A BONDS*" herein. The Original Resolution, as previously amended and supplemented and as amended and supplemented by the Supplemental Resolution, is referred to herein as the "Resolution." The revenue bonds issued pursuant to the Resolution, including the Series 2005A Bonds, are referred to herein as the "Bonds."

The Series 2005A Bonds are secured by "Pledged Revenues" as defined herein, including student fees, sales and service revenues from auxiliary enterprises and educational activities, revenues received for facility and administrative cost recovery in conjunction with grants and contracts, various miscellaneous revenues, and certain investment income. See "*SECURITY FOR THE SERIES 2005A BONDS*" herein.

The Series 2005A Bonds are limited obligations of the Regents and do not constitute a debt or liability of the State of Idaho, its Legislature, or any of its political subdivisions or agencies other than the University to the extent herein described. The Regents are not authorized to levy or collect any taxes or assessments other than the fees described herein to pay the Series 2005A Bonds. The Regents have no taxing power.

Legal Matters: The Series 2005A Bonds are offered when, as and if issued and accepted by the Underwriter, subject to prior sale and to the delivery of an approving opinion by Hawley Troxell Ennis & Hawley LLP, Boise, Idaho, as Bond Counsel, and to other conditions. Certain legal matters will be passed upon for the University by its Senior Associate University Counsel, Sharyl Kammerzell, Moscow, Idaho; and certain other matters will be passed upon for the University and for the Underwriter by Hawley Troxell Ennis & Hawley LLP, Boise, Idaho, as Disclosure Counsel. It is expected that the Series 2005A Bonds will be available for delivery on or about February ___, 2005.

LEHMAN BROTHERS

*Preliminary, subject to change

Maturity Schedule*
General Revenue Refunding Bonds, Series 2005A

Due April 1	Amount	Interest Rate	Yield	CUSIP
2005				
2006				
2007				
2008				
2009				
2010				
2011				
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				

$______________ ______% Term Bonds due April 1, ____ @ ____%

* Preliminary, subject to change.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE REGENTS OR BY THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE REGENTS OR THE UNDERWRITER. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SERIES 2005A BONDS, NOR SHALL THERE BE ANY SALE OF THE SERIES 2005A BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSONS TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INFORMATION SET FORTH HEREIN HAS BEEN FURNISHED BY THE REGENTS, DTC AND CERTAIN OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY, THE UNDERWRITER. THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE. ANY STATEMENTS MADE IN THIS OFFICIAL STATEMENT INVOLVING MATTERS OF OPINION OR ESTIMATES, WHETHER OR NOT SO EXPRESSLY STATED, ARE SET FORTH AS SUCH AND NOT AS REPRESENTATIONS OF FACT OR REPRESENTATIONS THAT ESTIMATES WILL BE REALIZED.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2005A BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE REGENTS SINCE THE DATE HEREOF.

THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE SERIES 2005A BONDS. STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT WHICH INVOLVE ESTIMATES, FORECASTS OR MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO DESCRIBED HEREIN, ARE INTENDED SOLELY AS SUCH AND ARE NOT TO BE CONSTRUED AS REPRESENTATIONS OF FACT.

THE PRELIMINARY OFFICIAL STATEMENT WILL BE "DEEMED FINAL" AS OF ITS DATE BY THE REGENTS PURSUANT TO RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. THE UNIVERSITY HAS ALSO UNDERTAKEN TO PROVIDE CONTINUING DISCLOSURE ON CERTAIN MATTERS, INCLUDING ANNUAL FINANCIAL INFORMATION AND SPECIFIC MATERIAL EVENTS, AS MORE FULLY DESCRIBED HEREIN. SEE "*CONTINUING DISCLOSURE*."

THE UNDERWRITER HAS INCLUDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE SERIES 2005A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON A SPECIFIC EXEMPTION CONTAINED IN SUCH ACT, NOR HAVE THEY BEEN REGISTERED UNDER THE SECURITIES LAWS OF ANY STATE.

THE REGENTS OF THE UNIVERSITY OF IDAHO

AND

THE STATE BOARD OF EDUCATION

UNIVERSITY OFFICIALS

Finance and Administration
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PRELIMINARY OFFICIAL STATEMENT
$__________*

THE REGENTS OF THE UNIVERSITY OF IDAHO

GENERAL REVENUE REFUNDING BONDS, SERIES 2005A

INTRODUCTORY STATEMENT

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference should be made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. See *"APPENDIX C"* for definitions of certain words and terms used herein. See *"APPENDIX D"* for a summary of the Resolution (as defined below). The attached Appendices are integral parts of this Official Statement and should be read in their entirety.

University of Idaho

A comprehensive land-grant institution, the University of Idaho (the "University") is the State's oldest institution of higher learning. Its main campus is located in Moscow, Idaho. With an enrollment of approximately 13,000 full and part-time students, the University has been charged with the primary responsibility in the State for advanced research and graduate education. The University was established in Moscow in 1889 by the Territorial Legislature, and provisions of the University's Charter as a territorial university are incorporated into the Idaho State Constitution. Policy direction of the University is vested in the Regents of the University of Idaho (the "Regents"), whose members also serve as the Idaho State Board of Education.

Purpose of the Official Statement

This Official Statement, including the cover page and the financial and other information contained in the Appendices hereto, is furnished in connection with the offering of the University's General Revenue Refunding Bonds, Series 2005A (the "Series 2005A Bonds"). The University is authorized by the Educational Institutions Act of 1935, constituting Section 33-3801, et seq. of the Idaho Code, as amended (the "Act"), to issue bonds for "projects" (as defined in the Act). The University is also authorized to issue refunding bonds pursuant to the Act and Title 57, chapter 5, Idaho Code. The Series 2005A Bonds are being issued pursuant to such statutory authorization and pursuant to the supplemental resolution (the "Supplemental Resolution") to be adopted by the Regents on January 25, 2005. The Series 2005A Bonds are being issued as "Additional Bonds" under a bond resolution adopted November 22, 1991 (the "Original Resolution"). The Original Resolution, together with the Supplemental Resolution and the previous supplemental resolutions authorizing the issuance of Additional Bonds, are referred to collectively herein as the "Resolution," and the Series 2005A Bonds together with all other bonds heretofore or hereafter issued under the Resolution are referred to collectively herein as the "Bonds." See "*THE SERIES 2005A BONDS*" herein.

Purpose of the Series 2005A Bonds

The Series 2005A Bonds are being issued to provide funds to (i) advance refund $2,700,000 of the University's Student Fee Revenue Bonds (Telecommunications Infrastructure Facilities Project), Series 1996 (the "Series 1996 Refunded Bonds"); (ii) advance refund $12,965,000 of the Student Fee Revenue Bonds (University Commons Project), Series 1997 (the "Series 1997 Refunded Bonds"); (iii) advance refund $3,185,000 of the Student Fee Revenue Bonds (Recreation Center Project), Series 1999 (the "Series 1999 Refunded Bonds" and collectively with the Series 1996 Refunded Bonds and the Series 1997 Refunded Bonds, the "Refunded Bonds"); (iv) fund the debt service reserve account; and (v) pay bond issuance expenses.

* Preliminary, subject to change.

Creation of General Bond System

In connection with issuance of the Series 2005A Bonds, the University will begin the process of creating a single bond system (the "General Bond System") by combining the revenues currently pledged under the Resolution with the student fees and revenues it currently pledges as security on a stand-alone basis to other bond systems with certain previously unpledged student fees and revenues. The University's strategy in creating the General Bond System is to enhance the security and source of payment for all of its bondholders, while increasing its financial flexibility, but still maintaining accountability for individual enterprises through strong internal financial policies. To facilitate the creation of the General Bond System, the University has covenanted in the Supplemental Resolution that it will not issue bonds under its other existing bond systems. See "*GENERAL BOND SYSTEM*" herein.

Payment and Security for the Series 2005A Bonds

The Bonds (including the Series 2005A Bonds) are secured by Pledged Revenues as defined in the Resolution. Pledged Revenues currently include (i) a portion of the University's Matriculation Fee and designated part-time and summer student fees (the "Matriculation Fee"); (ii) the Residential Campus Development Fee; (iii) the Student Building Fee; (iv) the F&A Recovery Revenues (as defined herein); (v) the net revenues from the University's system of dormitory, apartment, and housing facilities, residence hall dining facilities, and any project financed with the proceeds of Additional Bonds (the "Housing System"); (vi) net revenues from the University's parking system (the "Parking System"); (vii) net revenues from the University's telecommunications system (the "TIP System"); (viii) all investment income derived from the Debt Service Account of the Bond Fund; and (ix) proceeds from the sales of a Series of Bonds and moneys and investment earnings thereon.

In connection with the creation of the General Bond System, the Supplemental Resolution will amend the Resolution to add other University revenues to Pledged Revenues. Some of these revenues are the subject of a prior pledge to other University bonds, and therefore are pledged only on a subordinate basis until all bonds under the University's other existing bond systems are paid. Other revenues are not subject to prior pledges and are pledged in full as Pledged Revenues immediately upon issuance of the Series 2005A Bonds. In addition, the revenues of the Housing System and the Parking System currently pledged on a net basis will be pledged on a gross basis upon the issuance of the Series 2005A Bonds. See "*SECURITY FOR THE SERIES 2005A BONDS*" and "*GENERAL BOND SYSTEM*" herein.

Under the Resolution, the University has covenanted to establish and collect in each Fiscal Year Pledged Revenues equal to not less than 125% of the Maximum Annual Debt Service on any Outstanding Bonds and any Additional Bonds that may hereafter be issued. See "*COVENANT CHANGES AND CONSENT TO AMENDMENTS--Current Covenants*" herein. The University plans to change the covenant to maintain coverage to require Pledged Revenues equal to 100% of Debt Service on the Outstanding Bonds for each Fiscal Year. See "*COVENANT CHANGES AND CONSENT TO AMENDMENTS--Covenant Changes*" herein.

THE SERIES 2005A BONDS

Description of the Series 2005A Bonds

The Series 2005A Bonds will be dated the date of their delivery and are issuable in fully registered form, book entry only, in the aggregate principal amount of $__________.* The Series 2005A Bonds bear interest from the date of issuance, payable semiannually on April 1 and October 1 of each year, commencing April 1, 2005. Payment will be made to Beneficial Owners through the Book-Entry System, described below. For a more complete description of the terms of the Resolution authorizing the issuance of the Series 2005A Bonds, please refer to the *"SUMMARY OF THE RESOLUTION," APPENDIX D* of this Official Statement.

Optional Redemption

The Series 2005A Bonds maturing on or before April 1, ____ are not subject to call or redemption prior to their stated maturity. The Series 2005A Bonds maturing after April 1, ____ and not called in accordance with mandatory

* Preliminary, subject to change.

redemption provisions of the Resolution are subject to redemption at the election of the University on any interest payment date on or after April 1, ____, in whole or in part, in maturities selected by the University and within each maturity as selected by lot by Wells Fargo Bank, N.A., Boise, Idaho (the "Trustee"), from and to the extent of monies that are on deposit with the Trustee at the time the notice of redemption is mailed. Such optional redemption of the Series 2005A Bonds shall be at _____, plus accrued interest to the date of redemption.

Mandatory Redemption

If not previously redeemed as described above, the Series 2005A Bonds maturing on or after April 1, ____ are subject to mandatory redemption and retirement prior to maturity, in part, by lot in such a manner as the Trustee shall determine on April 1 in the years ____ through ____, inclusive, in the amounts set forth below:

April 1 of the Year	Redemption Amount

*Maturity

Notice of Redemption

When the Series 2005A Bonds are called for redemption, either through optional or mandatory redemption provisions of the Resolution, notice must be sent by the Trustee, postage prepaid, by first class mail not less than thirty-five (35) nor more than sixty (60) days prior to the redemption date to the registered owners of the Series 2005A Bonds to be redeemed at the address shown on the Bond Register. As provided in the Resolution, the Trustee may give further notice of redemption at least thirty-five (35) days before the redemption date to certain registered national securities depositories and national information services; provided, however that no defect in such further notice or failure to give all or any portion of such further notice will in any manner defeat the effectiveness of a call for redemption.

Book-Entry System

The Series 2005A Bonds will be available only in book-entry form in the principal amounts shown on the inside cover page of this Official Statement. The Depository Trust Company ("DTC") will act as Securities Depository for the Series 2005A Bonds. The ownership of one fully registered Series 2005A Bond for maturity as set forth on the inside cover page of this Official Statement, in the aggregate principal amount of each maturity of the Series 2005A Bonds, will be registered in the name of Cede & Co., as nominee for DTC. See *"APPENDIX F--DEPOSITORY TRUST COMPANY INFORMATION."*

Funds and Accounts Created Under the Resolution

Revenue Fund – The Resolution creates the Revenue Fund, to be held by the University, into which Pledged Revenues shall be deposited. Money in the Revenue Fund shall be disbursed in the following order of priority:

(a) To transfer to the Trustee for deposit in the Debt Service Account of the Bond Fund for payment of any interest, principal, or redemption premium, if any, coming due on the Bonds;

(b) To transfer to the Trustee for deposit in the Debt Service Reserve Account, as soon as practicable, whenever monies are withdrawn from the Debt Service Reserve Account in accordance with the Resolution, an amount equal to such withdrawal from the Debt Service Reserve Account; and

(c) Amounts remaining in the Revenue Fund in excess of the amounts necessary to make payments required by subsections (a) and (b) above may be applied by the University, free and clear of the lien of the Resolution, for any other lawful purpose of the University.

The Bond Fund – The Resolution creates a Bond Fund held by the Trustee, consisting of a Debt Service Account and a Debt Service Reserve Account.

The Debt Service Account is used for paying the principal (including Mandatory Redemption Amounts) of, premium, if any, and interest on the Bonds.

The Debt Service Reserve Account is required to be funded in an amount equal to the Reserve Account Requirement. See "*COVENANT CHANGES AND CONSENT TO AMENDMENTS--Current Covenants*" herein for an explanation of the current Reserve Account Requirement, and "*COVENANT CHANGES AND CONSENT TO AMENDMENTS--Covenant Changes and--Effective Date of Covenant Changes; Consent to Amendments*" herein for a discussion of the planned elimination of the Reserve Account Requirement.

The Resolution currently provides that a Reserve Account Credit Enhancement may be deposited in or credited to the Debt Service Reserve Account, in lieu of or in partial substitution for monies required to be on deposit therein.

If, on any Payment Date (or on the date of maturity or prepayment, in the case of principal) the amount in the Debt Service Account is less than the amount required to pay such Debt Service, the Trustee shall apply amounts from the Debt Service Reserve Account to the extent necessary to make said payments.

Any deficiency in the Debt Service Reserve Account created by withdrawal as authorized by the preceding paragraph shall be replaced as soon as practicable by deposits of available money from the Revenue Fund, as provided by the Resolution, until the Debt Service Reserve Account is restored to the Reserve Account Requirement.

There is currently on deposit in the Debt Service Reserve Account of $__________, which is equal to the Reserve Account Requirement. In connection with issuance of the Series 2005A Bonds, the Reserve Account Requirement will increase from $__________ to $__________, calculated in accordance with the three-part test described below under "*COVENANT CHANGES AND CONSENT TO AMENDMENTS--Current Covenants*." The University will deposit $___________ in Series 2005A Bond proceeds, which, in combination with the cash and the Reserve Account Credit Enhancements currently on deposit in the Debt Service Reserve Account and cash transferred from the reserve account in the Activity Center Bond Resolution (defined below), will satisfy the Reserve Account Requirement.

The Construction Fund – The Resolution provides for a Construction Fund to be held, disbursed and invested by the University, into which are deposited proceeds from any series of Bonds issued to fund projects being built or acquired with a series of Bonds issued under the Resolution. Upon completion of all the projects, any unexpended monies held in the Construction Fund will be transferred to the Debt Service Account of the Bond Fund.

The Rebate Fund – The Resolution creates a Rebate Fund to be held and administered by the University, separate and apart from other funds and accounts of the University. The University shall make deposits into the Rebate Fund of all amounts necessary to make payments to the United States required under the Code.

SECURITY FOR THE SERIES 2005A BONDS

The Series 2005A Bonds are secured, on a parity with the Bonds, by the Pledged Revenues. Pledged Revenues currently include (i) a portion of the University's Matriculation Fee; (ii) the Residential Campus Development Fee; (iii) the Student Building Fee; (iv) F&A Recovery Revenues (as defined below); (v) net revenues from the Housing System; (vi) net revenues from the University's Parking System; (vii) net revenues from the University's TIP System; (viii) all investment income derived from the Debt Service Account of the Bond Fund; and (ix) proceeds from the sales of a Series of Bonds and moneys and investment earnings thereon.

In connection with the creation of the General Bond System, the Supplemental Resolution will amend the Resolution to add other University revenues to Pledged Revenues. Pledged Revenues shall include:

- Student Fees (as defined below), except that the pledge of the Recreation Center Fee shall be junior and subordinate to the pledge of such fee under the resolution (the "Recreation Center Resolution") pursuant to which the University issued its Student Fee Revenue Bonds (Recreation Center Project), Series 1999 (the "Recreation Center Bonds"), for so long as any Recreation Center Bonds are Outstanding, and the pledge of the Activity Center Complex Fee shall be junior and subordinate to the pledge of such fee under the resolution (the "Activity Center Resolution") pursuant to which the University issued its Student Fee Refunding Revenue Bonds, Series 1996, its Student Fee Revenue Bonds (University Commons Project), Series 1997, its Student Fee Revenue Bonds (University Commons Supplemental Project), Series 1997, and its Student Fee Revenue Bonds, Series 1999D (Kibbie and Enrollment Services Centers Improvement Projects) (collectively, the "Activity Center Bonds"), for so long as any Activity Center Bonds are Outstanding;

- Sales and Services Revenues (as defined below), except that the pledge of such revenues shall be junior and subordinate to the pledge of the portion of Sales and Service Revenues, which consists of the net revenues from the University's non-residential food service facilities (the "Non-Residential Food Service System") and net revenues from the University's bookstore, previously pledged under the Activity Center Resolution for so long as any Activity Center Bonds are Outstanding;

- Revenues received by the University as reimbursement for facility and administrative costs in conjunction with grants and contracts for research activities conducted by the University (the "F&A Recovery Revenues");

- Various revenues generated from miscellaneous sources, including fines and lease/rental revenues (the "Other Operating Revenues");

- Investment Income under the Resolution, except that the pledge of such income shall be junior and subordinate to the pledge of the portion of Investment Income previously pledged under the Recreation Center Resolution and Activity Center Resolution for so long as any Activity Center Bonds and Recreation Center Bonds are Outstanding;

- Proceeds from the sale of a Series of Bonds and moneys and investment earnings thereon pursuant to a supplemental resolution; however, it is the University's intention to pledge such proceeds only if requested by the bondholders of a certain series of bonds; and

- Such other revenues as the Regents shall designate as Pledged Revenues.

The various student fees and revenue sources are described below.

In conjunction with the additions to Pledged Revenues, the University is changing the definitions of the components of Pledged Revenues to match the descriptions of revenue categories in the University's audited financial statements (the "Audit") as provided in "*APPENDIX A*."

The effect of the amendment of the definition of Pledged Revenues under the Resolution is to pledge all revenues of the University to payment of debt service on the Bonds with the exception of:

- general account appropriated funds of the State of Idaho (the "State"), which by law cannot be pledged; and

- restricted gift and grant revenues.

See "*SOURCES OF FUNDING FOR THE UNIVERSITY*" and "*APPENDIX A--AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE YEAR ENDED JUNE 30, 2004*."

The revenues pledged to the Recreation Center Bonds and the revenues pledged to the Activity Center Bonds are pledged to the Bonds on a subordinate basis until the retirement of the Recreation Center Bonds and the Activity Center Bonds, respectively. Upon their retirement, such revenues become pledged in full to the Bonds. See

"*APPENDIX D--SUMMARY OF THE RESOLUTION*" herein for a description of the change in the definition of Pledged Revenues when the Activity Center Bonds and the Recreation Center Bonds are retired.

Student Fees

Under the Idaho Constitution, the Regents cannot charge tuition for Idaho residents attending the University as undergraduate students. The Regents, however, have the ability to establish and collect tuition charges for non-resident, graduate and professional students attending the University and to establish and collect student fees from both resident and non-resident students.

The Regents are exclusively empowered to establish student fees and non-resident, graduate and professional tuition. Student fees and tuition charges are not subject to a referendum by students or approval by any other governmental entity. The Regents have established a policy that the University may not request more than a 10% annual increase in the total full-time student fees unless otherwise authorized by the Regents. The Regents' established policy is to announce and conduct a public hearing on the modification of any fees, which has traditionally occurred annually, with fee adjustments effective for the subsequent fall term each year. The University expects that the Regents will increase fees within the 10% limitation described above at the April 2005 Regents' meeting to become effective in the Fall of 2005. There is no prohibition, however, which would preclude the Regents from adjusting fees (for collection beginning with the next academic year) at any time.

"Student Fees" include the Matriculation Fee, the Activity Fees, the Facility Fees, the Technology Fees, and Other Fees/Tuition, as further described below. For the Fiscal Year ended June 30, 2004, the total Student Fees per semester assessed against full-time undergraduate students who are Idaho residents were $1,674. For the fiscal year ending June 30, 2005, total Student Fees per semester assessed against full-time undergraduate students who are Idaho residents are $1,816.

The Matriculation Fee – The Matriculation Fee is an existing fee charged to all full-time students attending the University. For purposes of the pledge of Pledged Revenues in the Resolution and for purposes of reference in this Official Statement, "Matriculation Fee" includes the related general education fees for part-time students and summer students even though such fees are identified by the Regents separately from the Matriculation Fee. The Matriculation Fee is used to provide general operating revenues for University maintenance and operation of physical plant, student services and institutional support. The revenues derived from the Matriculation Fee for the Fiscal Years ended June 30, 2003 and June 30, 2004 were $20,757,041 and $24,726,904, respectively.

Other Fees/Tuition – The University's Other Fees/Tuition currently include the Graduate/Professional Fee, the Law College Dedicated Fee, the Architecture School Dedicated Fee, Non-Resident Tuition, the Inservice Teacher Education Fee and the Western Undergraduate Exchange Fee. The Other Fees/Tuition will be pledged to the repayment of all Outstanding Bonds. The revenues derived from the Other Fees/Tuition for the Fiscal Years ended June 30, 2003 and June 30, 2004 were $6,389,173 and $7,504,441, respectively.

Activity Fees – The University charges a wide variety of fees to support various programs and activities. *See* "*APPENDIX B--SCHEDULE OF STUDENT FEES*" for a listing of all Student Fees assessed for Fiscal Year 2005. Upon adoption of the Supplemental Resolution, all Activity Fees will be pledged to repayment of the Bonds. The revenues derived from Activity Fees for the Fiscal Years ended June 30, 2003 and June 30, 2004 were $6,744,411 and $6,909,802, respectively.

Facility Fees – The University charges a number of fees to support various services it provides, including housing, recreation and computer systems. Currently, the University is assessing four such "Facility Fees" including the Student Building Fee, the Residential Campus Development Fee, the Recreation Center Fee, and the Activity Center Complex Fee. Upon adoption of the Supplemental Resolution, the Facility Fees will be pledged to repayment of the Bonds, except the Recreation Center Fee and the Activity Center Complex Fee will be pledged on a subordinate basis until the retirement of the Recreation Center Bonds and the Activity Center Bonds, respectively. The revenues derived from the Facility Fees for the Fiscal Years ended June 30, 2003 and June 30, 2004 were $7,154,398 and $7,346,154, respectively. Of those amounts, in the Fiscal Years ended June 30, 2003 and June 30, 2004, the Recreation Center Fee and the Activity Center Fee represented $4,336,496 and $4,447,892.

Technology Fees – The University currently charges one Technology Fee, the Student Computing and Network Access Fee, to support the University's technological needs. Upon adoption of the Supplemental Resolution, all current and future Technology Fees will be pledged to the Bonds. For Fiscal Years ended June 30, 2003 and June 30, 2004, the revenues derived from the Technology Fees were $1,261,610 and $1,306,368, respectively.

Sales and Services Revenues

Sales and Services Revenues include revenues generated through operations of auxiliary enterprises and revenues generated incidentally to the conduct of instruction, research and public service activities. The majority of these revenues are generated through auxiliaries including the Housing System; the Parking System; the Non-Residential Food Service System; bookstore sales; ticket and event sales; recreation center activity charges; and other miscellaneous operations. See "*THE UNIVERSITY*" herein for a description of the University's primary revenue generating facilities. Examples of revenues generated incidentally to education are unrestricted revenues generated by the University's testing and training services, labs, sales of scientific materials, sales of miscellaneous services or products, and sales of agriculture and forest products and publications.

Sales and Services Revenues for Fiscal Years ended June 30, 2003 and June 30, 2004 were $31,895,443 and $32,736,114, respectively. Prior to issuance of the Series 2005A Bonds, the only portion of Sales and Services Revenues that contributed to Pledged Revenues were the net revenues of the Housing System and net revenues of the Parking System.

The Supplemental Resolution pledges the portion of Sales and Service Revenues previously pledged to secure the Activity Center Bonds, including net revenues from the Non-Residential Food Service System and net revenues from the University's bookstore, to the Bonds on a subordinate basis until retirement of the Activity Center Bonds.

Facilities and Administrative Recovery Revenues

A portion of federal, state, and private funds expended each year on scientific research is provided to institutions to pay the direct costs of conducting research, such as the salaries for scientists and materials and labor used to perform each project. The balance is granted to pay for so-called "facilities and administrative costs", which encompass spending by the receiving institution on such items as facilities maintenance and renewal, heating and cooling, libraries, the salaries of departmental and central office staff, and other general administration costs.

The University has been emphasizing its research mission and has received an increased number and dollar amount of research grants in the last several years. As a consequence, the University's F&A Recovery Revenues have also increased. The following table describes the growth in F&A Recovery Revenues, over the past three years.

Fiscal Year	F&A Recovery Revenues	% Growth in F&A Recovery Revenues/Year
2002	$6,973,746	26.8%
2003	8,535,791	22.4%
2004	9,526,705	11.6%

Other Operating Revenues

The University receives other miscellaneous revenues in the course of its operations. Examples of revenues counted in Other Operating Revenues include fines and lease/rental revneues. In Fiscal Years ended June 30, 2003 and June 30, 2004, the University generated Other Operating Revenues in the amounts of $3,453,819 and $3,930,337, respectively.

Investment Income

Investment Income is pledged to repayment of Outstanding Bonds, except that the pledge of such income is subordinate to the pledge of the portion of Investment Income pledged under the Activity Center Resolution or the Recreation Center Resolution. The Investment Income pledged under the Resolution includes only the University's unrestricted Investment Income. Thus, the amount of Investment Income pledged to the Bonds will not match the amount of Investment Income shown in the Audit because the Audit includes restricted Investment Income. For

Fiscal Years ended June 30, 2003 and June 30, 2004, unrestricted Investment Income earned by the University was $1,380,835 and $1,008,247, respectively.

Use of Pledged Revenues and Other Revenues Not Otherwise Obligated

After the University has made the payments and deposits required under the Resolution, amounts remaining in the Revenue Fund in excess of the amounts necessary to make the required payments thereunder may be used for any legal purpose of the University, including the redemption or purchase of the Bonds, subject to policies adopted by the Regents.

GENERAL BOND SYSTEM

The University plans to take the following steps to consolidate all of the University's Outstanding Bonds into a single bond system:

(i) Amendment and Supplement of the Resolution. In connection with issuance of the Series 2005A Bonds, the Supplemental Resolution amends the Resolution to add fees and revenues not previously pledged to the definition of Pledged Revenues as described above under "*SECURITY FOR THE SERIES 2005A BONDS*" herein.

(ii) Redesignation of Bonds and Additional Bonds. The Supplemental Resolution also provides that all Bonds issued under the Resolution be designated as "General Revenue Bonds."

(iii) Covenant Changes. The University believes that the creation of a single bond system provides additional security to bondholders, and therefore the Supplemental Resolution changes the debt service coverage ratios required to be maintained annually and for the issuance of Additional Bonds. The Supplemental Resolution also makes other changes to the Resolution in light of the transition to a single bond system as outlined in "*COVENANT CHANGES AND CONSENT TO AMENDMENTS*" and "*APPENDIX D--SUMMARY OF THE RESOLUTION*" herein.

(iv) Use of the Activity Center Resolution and Recreation Center Resolution. To effect the University's conversion of the existing bond system to the General Bond System in which all University debt will be issued in the future, the University covenants in the Supplemental Resolution not to issue any additional bonds under the Activity Center Resolution or the Recreation Center Resolution.

COVENANT CHANGES AND CONSENT TO AMENDMENTS

Current Covenants

Covenant to Maintain Coverage. The Regents are obligated under the Resolution to establish and maintain rates, fees, and charges in amounts sufficient to produce Pledged Revenues in each year equal to 125% of the Maximum Annual Debt Service on the Bonds and any Additional Bonds that may later be issued under the Resolution.

Debt Service Account Requirement. The Reserve Account Requirement is the lesser of: (i) Maximum Annual Debt Service with respect to Bonds secured by the Debt Service Reserve Account; (ii) 125% of average Annual Debt Service on all Bonds Outstanding secured by the Debt Service Reserve Account; or (iii) 10% of the aggregate principal amount of the Bonds and any Additional Bonds secured by the Debt Service Reserve Account hereafter issued upon original issuance thereof (but not taking into account any series of Bonds that have been paid in full or provision for which payment in full has been made); provided that the Reserve Account Requirement shall not exceed the amount permitted to be capitalized from net proceeds under then applicable provisions of federal tax law to protect the tax-exempt status of interest on the Bonds.

Additional Bonds. The Resolution provides that Additional Bonds secured by Pledged Revenues may be issued by the University upon the satisfaction of various conditions specified therein. The amount of Additional Bonds that may be issued is not limited by law or the Resolution.

The Resolution provides for the issuance of Additional Bonds to finance projects or to refund the Bonds or Additional Bonds issued hereafter under the Resolution. In connection with the issuance of Additional Bonds, the University is required to file, among other things, the following documents with the Trustee:

(i) A copy of the supplemental resolution authorizing the issuance of the Additional Bonds.

(ii) A Written Certificate of the University to the effect that, upon the delivery of the Additional Bonds, the University will not be in default in the performance of any of the covenants, conditions, agreements, terms, or provisions of the Resolution or any supplemental resolution with respect to any Bonds.

(iii) For so long as any of the Bonds issued prior to the Series 2005A Bonds are Outstanding, a Consultant's Report, and at any time that all of the Bonds issued prior to the Series 2005A Bonds shall cease to be Outstanding, a Written Certificate signed by an Authorized Officer of the University, in either case setting forth the then estimated completion date and the then estimated cost of construction of the project being financed by the Additional Bonds.

(iv) The following reports:

(a) an Accountant's Certificate certifying that Pledged Revenues for any period of 12 consecutive months during the preceding 24 months were at least equal to 125% of the Maximum Annual Debt Service for such 12-month period for any Bonds then Outstanding and any Additional Bonds proposed to be issued; or

(b) a Written Certificate of the University showing that Estimated Pledged Revenues (assuming completion of the proposed project on its then estimated completion date) will equal at least 125% of the Maximum Annual Debt Service on all Outstanding Bonds and any Additional Bonds proposed to be issued for (1) each of the Fiscal Years of the University during which any Bonds will be Outstanding following the estimated completion date of the project being financed by the Additional Bonds, if interest during construction of the project being financed by the Additional Bonds is capitalized, or (2) the University's current Fiscal Year and any succeeding Fiscal Year during which any Bonds issued will be Outstanding, if interest during construction of the project being financed by the Additional Bonds is not capitalized.

Refunding Bonds may be issued without compliance with the requirements above provided the refunding bonds do not increase Debt Service by more than $25,000 per year.

Covenant Changes

In conjunction with the issuance of the Series 2005A Bonds and the formation of the General Bond System, the University has amended a number of covenants in the Resolution (the "Amendments"). See "*Effective Date of Covenant Changes; Consent to Amendments*" below for a description of when the amendments will take effect.

First, the Supplemental Resolution amends the requirement that the University maintain Pledged Revenues each year equal to 125% of Maximum Annual Debt Service on the Bonds and any Additional Bonds that may later be issued under the Resolution to require Pledged Revenues equal to 100% coverage of Debt Service on the Bonds Outstanding for each Fiscal Year.

The current requirement for the issuance of Additional Bonds of an Accountant's Certificate described in "Additional Bonds" Section (iv)(a) above which demonstrates Pledged Revenues equal to 125% of Maximum Annual Debt Service on all Outstanding Bonds and Additional Bonds for any period of 12 consecutive months in the preceding 24 months is deleted. Additionally, the coverage ratio in the requirement of a written certificate of the University described in "Additional Bonds" Section (iv)(b) above is changed from 125% to 100%.

The Supplemental Resolution also provides that the current requirement that the University hold a Debt Service Reserve Account, as described under the section entitled "*Debt Service Reserve Account Requirement*," above is deleted from the Resolution.

The University is also deleting a number of other covenants previously contained in the Resolution. The University believes that a number of these covenants were of the type appropriate for bonds for which the primary security was the net revenues of an operating enterprise. However, the security for the Bonds is expanding to include a pledge of all University revenues subject to certain limited exceptions outlined in "*SECURITY FOR THE SERIES 2005A BONDS*" herein. As a consequence, the University believes that a number of these covenants are now unnecessary to Bondholder security. See "*APPENDIX D--SUMMARY OF THE RESOLUTION*" for a description of the Amendments.

Effective Date of Covenant Changes; Consent to Amendments

The Amendments to the Resolution contained in the Supplemental Resolution will take effect upon the sooner of (i) the date all of the Bonds issued prior to the Series 2005A Bonds cease to be Outstanding; or (ii) the date upon which the requisite percentage of the Owners of the Bonds shall have consented to the Amendments pursuant to Article 10.1 of the Resolution and the insurance companies insuring all Bonds issued prior to the Series 2005A Bonds shall have consented to the Amendments as required by the Resolution.

Prospective purchasers of the Series 2005A Bonds are hereby advised that, by purchasing the Series 2005A Bonds, they will be deemed to have consented to the Amendments to the Resolution contained in the Supplemental Resolution and that the Underwriter, as the initial purchaser of the Series 2005A Bonds, will consent to the Amendments to the Resolution contained in the Supplemental Resolution on the date of issuance of the Series 2005A Bonds.

The consent of the Series 2005A Bondholders will result in approximately _____% of the Bonds having consented to the Amendments. Whenever the University issues Additional Bonds for additional projects or to refund outstanding obligations, the University expects to obtain the consent of the holders of such Additional Bonds on the same basis as described in the preceding paragraph with respect to the Series 2005A Bonds. The University cannot predict when the requisite level of consent will be obtained through the issuance of Additional Bonds. In addition, if the Amendments become effective through consent rather than as a result of all Bonds issued prior to the Series 2005A Bonds ceasing to be Outstanding, consent of the insurance companies insuring such Bonds will be required. The University expects to solicit such consents at the appropriate time and believes such consents will be obtained.

THE REFUNDING PROJECTS

The proceeds from the sale of the Series 2005A Bonds are being issued to provide funds sufficient to advance refund the Refunded Bonds, which refunding is provided for in the Supplemental Resolution. *See* "*ESTIMATED SOURCES AND USES OF FUNDS*" set forth below.

The Supplemental Resolution authorizing the Series 2005A Bonds authorizes the University to enter into an Escrow Agreement with respect to the Refunded Bonds (the "Escrow Agreement") with Wells Fargo Bank, N.A., as Escrow Agent. The Supplemental Resolution and the Escrow Agreement provide for the purchase from the proceeds of the Series 2005A Bonds of cash, cash equivalents or direct obligations of the United States and the deposit thereof into the Escrow Account created under the Escrow Agreement (the "Escrow Account") to pay, the principal and redemption premium, as applicable, on the Refunded Bonds on April 1, 2005, pursuant to maturity or upon call for redemption on such date pursuant to the Escrow Agreement.

[The Arbitrage Group, Inc.,**]** will deliver a report at the time of delivery of the Series 2005A Bonds on the mathematical accuracy of certain computations contained in the schedules provided to them on behalf of the University relating to: (a) the adequacy of the funds held in the Escrow Account to pay the principal, accrued interest and redemption premium, as applicable, on the respective Refunded Bonds due upon maturity or pursuant to call for redemption, pursuant to the Escrow Agreement; and (b) the computations of the yield on the Series 2005A Bonds and the funds held in the Escrow Account. Such verification will be based, among other things, upon mathematical computations supplied by the Underwriter in connection with the matters set forth above. Bond Counsel will rely on such report in issuing its opinion on the Series 2005A Bonds.

The following tables show the maturity dates and principal amounts due with respect to the Refunded Bonds.

The Series 1996 Refunded Bonds are subject to redemption at a price of 101% of the principal amount thereof, plus accrued interest to the date of redemption, on April 1, 2006, and mature as follows:

Maturity Date April 1	Principal	Interest Rate	CUSIP
2011*	$2,700,000	5.85%	914318TH3
* Term Bond, final maturity.			

The Series 1997 Refunded Bonds are subject to redemption, at a price of 101% of the principal amount thereof, plus accrued interest to the date of redemption, on April 1, 2007, and mature as follows:

Maturity Date April 1	Principal	Interest Rate	CUSIP
2013*	$ 915,000	5.50%	914318T59
2014	1,065,000	5.50	914318TT7
2015	1,125,000	5.60	914318TTU4
2016	1,185,000	5.65	914318TV2
2017	1,255,000	5.70	914318TY6
2022*	7,420,000	5.65	914318TZ3
* Term Bond, final maturity.			

The Series 1999 Refunded Bonds are subject to redemption, at a price of 101% of the principal amount thereof, plus accrued interest to the date of redemption, on April 1, 2009, and mature as follows:

Maturity Date April 1	Principal	Interest Rate	CUSIP
2014*	$2,320,000	6.00%	914318VX5
2015	865,000	6.50	914318VY3
* Term Bond, final maturity.			

SOURCES AND USES OF FUNDS

The estimated sources and uses of the proceeds of the Series 2005A Bonds are shown below:

Sources

Series 2005A Par Amount	$__________
Net Premium/Discount	__________
University Funds	__________
Available Monies in Existing Funds	__________
Total	$__________

Uses

Deposit to the Bond Proceeds Account to defease Refunded Bonds	$__________
Deposit to the Debt Service Reserve Account	__________
Issuance Costs for the Series 2005A Bonds (including Underwriter's discount and contingency)	__________
Total	$__________

DEBT SERVICE REQUIREMENTS

The following table sets forth the Annual Debt Service Requirements for the University's currently Outstanding Bonds and the Series 2005A Bonds:

	Outstanding Bonds		Series 2005A Bonds*		Total*	
Fiscal Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2005						
2006						
2007						
2008						
2009						
2010						
2011						
2012						
2013						
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
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2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
2040						
2041						

* Preliminary, subject to change.
[1] Excludes debt service on the Refunded Bonds.

HISTORICAL REVENUES AND DEBT SERVICE COVERAGE

The following table shows Pledged Revenues available for debt service and debt service coverage for Fiscal Years 2002-2004 based upon the sources of revenues actually pledged to the Bonds during such periods, which were a portion of the Matriculation Fee, the Residential Campus Development Fee, the Student Building Fee, F&A Recovery Revenues, net revenues of the Housing System, net revenues of the Parking System, net revenues of the TIP System, investment income from the Debt Service Account of the Bond Fund, and proceeds from the sale of a series of Bonds and moneys and investment earnings thereon.

Revenues, Debt Service and Debt Service Coverage
for the Fiscal Years Ended June 30, 2002-2004

	2002	2003	2004
Pledged Revenues	$20,326,037	$33,421,727[1]	$39,590,099
Debt Service	$3,299,625	$5,436,007	$6,895,365
Debt Service Coverage	6.16x	6.15x	5.74x

[1] F&A Recovery Revenues were added to Pledged Revenues in 2003.

PROFORMA HISTORICAL PLEDGED REVENUES

The following table shows the revenues pledged under the Resolution, as amended and supplemented by the Supplemental Resolution, on a pro forma basis for the Fiscal Years 2002-2005. The data for Fiscal Years 2002-2004 are derived from the University's financial records. The data for Fiscal Year 2005 are derived from the University's estimates for 2005, which are based on conservative assumptions about growth in revenue categories over 2004. Prior to the creation of the General Bond System, many of these revenue sources were not pledged under the Resolution.

	2002	2003	2004	2005 (Budget)
Revenues				
Student Fees	$29,492,409	$32,538,158	$35,126,457	$38,369,103
Sales and Services Revenues	31,895,443	32,736,114	32,911,984	34,371,153
Other Operating Revenues	2,938,745	3,453,819	3,930,337	3,500,000
Investment Income[1]	1,990,640	1,380,835	1,008,247	1,400,000
F&A Recovery Revenues	6,973,746	8,535,791	9,526,705	10,350,000
Total Pledged Revenues	$73,290,983	$78,644,717	$82,503,730	$87,990,256
Debt Service on the Recreation Center Bonds and Activity Center Bonds	3,832,474	3,886,397	3,904,868	3,947,069
Pledged Revenues Available for Debt Service	$69,458,509	$74,778,320	$78,598,862	$84,043,187

[1] Differs from the Audit because the Audit includes restricted Investment Income.

THE UNIVERSITY

Student body representation at the University is from every state in the United States and approximately 98 foreign countries. The University alumni population exceeds 74,000. The University's main campus is located in Moscow, Idaho, a community of approximately 20,000 people in the northern portion of the State, about one-mile east of the Washington border and approximately 80 miles south of Coeur d'Alene, Idaho.

University property includes approximately 11,690 acres and 315 buildings, of which 1,799 acres and 251 buildings are located at its main campus in Moscow. The University operates twelve research centers and institutes and six demonstration and training farms with a total acreage of about 1,000 acres used by forestry and agricultural students. The University owns and actively manages 8,160 acres of forest lands, a wilderness field research station in Idaho's primitive area, a veterinary teaching center, and ten research and extension centers in agricultural areas throughout Idaho. The University also operates a Research Park in Post Falls and Resident Instructional Centers in Boise, Coeur d'Alene and Idaho Falls.

The University is currently in the process of relocating certain of its programs in Boise to a recently completed 206,000 square foot multi-use building in downtown Boise (the "Water Center"). **[Is this true?]** The building was financed and constructed by the Idaho State Building Authority for use as a public and private office complex primarily by the University, the Idaho Department of Water Resources and the United States Forest Service. The concept of the public/private mixed-use was designed to facilitate interaction between academic institutions, federal and state agencies, and private entities whose missions relate to natural resource management.

The University's academic structure includes eight degree-granting colleges: the Colleges of Agricultural and Life Science; Business and Economics; Education; Engineering; Law; Letters, Arts and Social Sciences; Natural Resources; and Science. In addition to degree programs in each of these colleges, the University includes a College of Graduate Studies and offers medical training for students in association with the University of Washington, School of Medicine. The University has several cooperative programs with Washington State University (located in Pullman, Washington, eight miles from Moscow), including a joint veterinary medical program. This cooperative graduate program has veterinary training facilities in Caldwell, Idaho, which are operated by the University. The University has an optional officer education program, leading to a regular or reserve commission in the U.S. Army, Navy, Marines or Air Force.

Student Body

The University admits all Idaho residents who graduate from accredited high schools in the State with an overall grade point average of at least 2.5 or who have an enhanced ACT composite score of at least 17 or who have an SAT verbal and math combined score of at least 870 and who have successfully met the statewide admission standards established by the Regents and the State Board of Education. Approximately 73% of the University's Fall 2004 student body are residents of Idaho. The tables on the following page set out certain statistics concerning the University's enrollment for the Fall Terms of the years indicated.

Five-year Historical Enrollment Summary

	2000	2001	2002	2003	2004
Students	**Fall Semester, 10th Day of Class**				
Full-Time Equivalents (FTE)	9,683	10,224	10,673	11,073	11,039
Head Count	11,635	12,067	12,423	12,894	12,824
Undergraduate Students	**Academic Head Count 10th Day of Class, Fall Semester**				
Full-time:					
Residents	5,863	6,189	6,336	6,371	6,242
Non-residents	1,674	1,765	1,877	2,044	2,172
Subtotal	7,537	7,954	8,213	8,415	8,414
Part-time:					
Residents	1,458	1,399	1,298	1,360	1,261
Non-residents	290	257	251	293	251
Subtotal	1,748	1,656	1,549	1,653	1,512
Graduate Students					
Full-time:					
Residents	668	673	739	831	853
Non-residents	479	558	624	667	647
Subtotal	1,147	1,231	1,363	1,498	1,500
Part-time:					
Residents	902	902	964	954	990
Non-residents	301	324	334	374	408
Subtotal	1,203	1,226	1,298	1,328	1,398
Total Undergraduate	9,285	9,610	9,762	10,068	9,926
Total Graduate Students	2,350	2,457	2,661	2,826	2,898
Grand Total	11,635	12,067	12,423	12,894	12,824
No. of Freshmen	**Freshman Class Statistics, Fall Semester**				
Applying	3,607	3,679	3,763	3,972	4,091
Accepted	2,983	3,094	3,154	3,201	3,406
Enrolled	1,566	1,629	1,644	1,646	1,643
Resident	1,142	1,238	1,217	1,136	1,138
Average ACT Score	23.0	23.6	23.2	23.4	23.1
Average SAT Score	1,108	1,105	1,107	1,112	1,101
Average High School GPA	3.38	3.45	3.42	3.44	3.42
Percentage graduating in the top 20% of their high school class:	47%	46%	47%	39%	36%
Source: University of Idaho					

Housing and Student Union Facilities

The University's housing and student union facilities currently include of (i) 13 residence hall buildings containing dormitory style student living; (ii) four apartment complexes, providing housing for upper class students and students with families; (iii) the Idaho Commons Building (the "Commons"); and (iv) the Student Union Building (the "Student Union").

University Residence Halls. The 13 University residence halls, which are currently occupied, can accommodate up to 2,238 students. The University's residence halls offer a variety of amenities including: (i) computer labs and in-room connections to high-speed networking; (ii) recreational and lounge space; (iii) laundry facilities; (iv) kitchen areas; and (v) academic/study space. Over the past five Fiscal Years, the average occupancy rate for the University's residence halls was 85%, and the occupancy rate for Fall 2004 was 81%.

University Apartments. Currently, the University has four apartment complexes, which provide 351 apartments ranging in size from one-bedroom to four bedrooms available for occupancy by students and their families. Amenities available at University apartment complexes include: (i) high-speed internet connections both in apartments and in apartment-complex computer labs; (ii) in-apartment laundry facilities; (iii) play areas; (iv) community centers; and (v) classroom and meeting room facilities. The average occupancy rate for the University's apartments over the past five Fiscal Years is 97%, and the occupancy rate for Fall 2004 was 89%.

Idaho Commons Building. Completed in 2000, the Idaho Commons Building is designed to be the center of campus life and provide programs, amenities, and services to enhance the educational experience of University students. The Commons is a multi-use facility with approximately 100,042 square feet. The facility houses offices for student government, other student organizations, conference rooms with state of the art technology, and academic support services. In addition, the Commons has an information desk, food court, coffee shop, convenience store, satellite University bookstore, credit union, copy center, art gallery, computer kiosks, ATMs and administrative offices. The facilities infrastructure includes high-speed LAN and video data capabilities, public lounges, wireless network, computer checkout, and flat screen monitors to provide patrons information about building and campus activities.

Student Union Building. The approximately 103,511 square foot Student Union is designed to be a multi-use facility. Student services were relocated to the Student Union after completion of a renovation in 2000. Currently, the facility houses Student Accounts, the Registrar, Admissions, Student Financial Aid, New Student Services, Jazz Festival, College Assistance Migratory Program, and Student Media Services. In addition, the Student Union has an information desk, conference facilities, including a large ballroom, a movie theatre, and several small meeting rooms, a café, ATMs, and a computer lab.

Spectator and Recreation Facilities

The University's spectator and recreation facilities include the Kibbie Dome, Memorial Gym, the Recreation Center and the Dan O'Brien Track Complex. Following is a brief description of these facilities.

Kibbie Dome. The Kibbie Dome was originally constructed in 1972 and is North Idaho's largest athletic spectator facility. It is used for intercollegiate home football games and intercollegiate indoor track and field events, as well as high school football playoffs, the Lionel Hampton Jazz Festival, intercollegiate men's and women's home Basketball Games, concerts, sport camps, conferences, classes, intramurals, student club activities, and University commencements. In 1984, the "East End" was added to the Kibbie Dome and includes a weight room, recreational and varsity locker rooms, eight racquetball courts, and athletic training rooms and offices. The University recently completed another expansion of the Kibbie Dome to add the "Vandal Athletic Center," which includes a 7,000 square foot weight room, a 1,500 square foot exercise area, an aquatic exercise pool, and a new foyer.

Memorial Gym. The Memorial Gymnasium is the oldest athletic building on campus, with construction completed in 1928. The building serves as one of the University's indoor sports and entertainment complexes. In its basketball configuration, it will accommodate approximately 1,500 spectators. In addition to hosting varsity volleyball and basketball, it has also been used for concerts and other entertainment and community events, state gymnastics meets, regional basketball tournaments, intramural activities and physical education classes. Housing a gymnasium, multi-purpose room, combative room, a men's locker room with a sauna, a women's locker room, a faculty and staff locker room, and various offices, it also is the site for a war memorial honoring servicemen killed in World War I. In 1970, the building was placed on the National Register of historic buildings.

The Recreation Center. The Student Recreation Center was completed in 2002. It is approximately 85,563 square feet in size, and includes more than 7239 square feet of open recreational space, two regulation-size basketball courts, a multipurpose gymnasium, a large aerobics/cardiovascular multipurpose workout space, a running track, a climbing wall, a child care center, a first-aid and athletic training area, classroom and activity spaces, a cafeteria, and space for rental of recreational equipment.

Dan O'Brien Track Complex. The Dan O'Brien Track, named in 1996 for 1996 Olympic Decathlon Gold Metalist Dan O'Brien, was constructed in 1969, and serves as the University's outdoor varsity and recreational track facility. It consists of a 400-meter, 8-lane track, a long jump area, a throwing area, a high jump area, a pole vault area, coaches' offices, and spectator facilities, which will accommodate approximately 1,000 spectators. In addition to varsity sports contests and classes, it has also been used for community and University special events.

University Golf Course. The University owns and operates an 18-hole golf course on the University's Moscow campus. The course is open to the public with preference given to students, the Women's and Men's NCAA golf teams and the Professional Golf Management program offered in cooperation with the Professional Golf Association and the University's College of Business and Economics. The golf course is open approximately 8 months each year and provides lessons, cart and club rentals, and a retail pro shop.

Parking Facilities

Currently, the University operates and maintains 89 surface parking lots with a total of approximately 6,941 parking spaces. The University has a comprehensive parking plan to ensure that the parking system is financially self-supporting.

Employees

During the current academic term, the University has approximately 1,153 professional and 999 classified full-time employees. Employees are not subject to the State's civil service system; however, the University has adopted a personnel policy with respect to classified employees that is substantially similar to the State's civil service system. The University is not a party to any collective bargaining agreements, although there are employee associations that bring any salary issues and concerns to the attention of the University. The University considers its relations with its employees to be good.

Employee Retirement Plan

Most employees of the University are eligible for one of two retirement plans: the State of Idaho's "Public Employees Retirement System of Idaho" ("PERSI") and the "Optional Retirement Plan" ("ORP"), which has been offered to non-classified employees since 1990.

PERSI provides a defined benefit plan and covers eligible classified and exempt personnel who work 20 hours or more per week. The membership of PERSI includes employees of the State of Idaho, teachers, firemen, police and employees of political subdivisions, local school districts, colleges and universities.

Faculty and exempt staff hired on or after July 1, 1990, have been enrolled in the ORP and faculty and exempt staff hired before that date were offered a one-time opportunity in 1990 to withdraw from PERSI and join the ORP. The ORP is a portable, defined contribution retirement plan with options offered by Teachers' Insurance and Annuity Association/College Retirement Equities Fund and Variable Annuity Life Insurance Company. The total contribution rate will be the same for all employees, with a portion of the employer's contribution for ORP members being credited to the employee's account and a portion to the PERSI unfunded liability until 2015. The ORP covers eligible exempt personnel who work 20 hours or more per week. For information concerning post retirement benefits other than pensions, see *NOTE 13, "RETIREMENT PLANS--POSTRETIREMENT BENEFITS OTHER THAN PENSIONS," OF APPENDIX A--"FINANCIAL STATEMENTS OF THE UNIVERSITY"* herein.

Insurance

The University maintains liability, property, and employee fidelity insurance in amounts deemed adequate by University officials. The University has a full-time risk management staff that administers insurance coverage and claims, and reviews the adequacy of such policies and verifies the University's compliance with insurance requirements imposed by agreements, such as the Resolution. As of July 1, 2004, the total insured replacement value of the University's buildings, contents and improvements was $1,115,995,667.

The University intends to begin self-funding a portion of its health insurance program starting July 1, 2005. Self-funding is a financial arrangement in which medical claims are administered by a third-party administrator, but paid directly from University funds instead of by an insurer. The financial risk of the self-funding arrangement is managed through the creation of a financial reserve established by the University to fund unexpected claims and incurred-but-not-reported claims in the event that the self-funding arrangement is ever terminated. In addition, the University's liability for unexpected claims will be capped with the purchase of reinsurance (stop-loss coverage) for both individual and aggregate claims. The University expects self-funding will save the University the cost of premium tax, profit and margin paid to the carrier under a fully insured program. In addition, the University believes it will be able to gain interest on the funds that it holds in reserve.

SOURCES OF FUNDING FOR THE UNIVERSITY

The University relies on a number of sources of funding for the achievement of its educational and research missions. The principal sources of revenues are: direct appropriation of State general account revenues by the Idaho Legislature, Student Fees, federal government appropriations and grants, gifts to the University, Investment Income, revenues derived from property holdings of the University, land grant endowments received pursuant to the University's land grant status, Sales and Service Revenues and Other Revenues. See "*APPENDIX A--FINANCIAL STATEMENTS OF THE UNIVERSITY*." Of these revenue sources, upon the issuance of the Series 2005A Bonds, Student Fees, Investment Income, Sales and Services Revenues, and Other Revenues will be pledged to the Bonds, except certain of these revenues will be pledged on a subordinate basis to the extent such revenues are previously pledged to other University bonds. See "*SECURITY FOR THE SERIES 2005A BONDS*" herein for a description of University revenues pledged to the Bonds. The University's other revenue sources are more fully discussed below.

State Appropriations

Legislatively approved State general account appropriations represent slightly more than forty percent of the total University budget. The Idaho Legislature meets beginning in January of each calendar year and sets budgets and appropriations for all agencies and departments of State government for the Fiscal Year beginning on the ensuing July 1. The Legislature may also make adjustments to budgets and appropriations for the Fiscal Year during which the Legislature is meeting.

If in the course of a Fiscal Year, the Governor determines that the expenditures authorized by the Legislature for the current Fiscal Year exceed anticipated revenues expected to be available to meet those expenditures, the Governor by executive order may reduce ("Holdback") the spending authority on file in the office of the Division of Financial Management for any department, agency, or institution of the State or request a reversion ("Reversion") of appropriations back to the State to balance the State budget. There was no Holdback or Reversion in Fiscal Year 2004. No Holdbacks or Reversions have been announced for Fiscal Year 2005.

The table below sets forth the legislative appropriation from the State General Fund for colleges and universities and for the University net of Reversions and Holdbacks. The appropriations for colleges and universities declined in Fiscal Years 2003 and 2004 from Fiscal Year 2002 as a result of declining general fund revenues that affected all of State government; however, the Fiscal Year 2005 appropriation for the University exceeds the 2002 appropriation.

Schedule of State General Account Appropriations

Fiscal Year	**2002[1]**	**2003[2]**	**2004**	**2005**
All Colleges and Universities	$228,846,600	$206,935,300	$218,000,000	$225,056,000
University of Idaho	82,376,100	75,139,200	79,973,500	83,154,900
Percentage Increase — University of Idaho	6.03%	-8.79%	6.43%	3.98%

1 Net of a $7,093,200 Holdback for colleges and universities and a $2,684,800 Holdback for the University.
2 Net of a $6,623,500 Reversion for colleges and universities and a $2,519,100 Reversion for the University.

To address the reduced appropriated budget the University received from the State, beginning in Fiscal Year 2003, the University took a campus wide approach to reduce costs, which required management in each of the University's departments to address budget restrictions while continuing to advance the University's strategic plan. As part of this process, each department developed a budget reduction plan, which was then reviewed in an open forum where additional input was received before it was finalized. During the implementation of the budget reduction plan, both academic and administrative organizational realignment occurred. Through this realignment process administrative units were combined to make fewer units, which the University expect will be better able provide service to the campus community. The University also combined certain departments to reduce administrative costs and reduced funds for programs with limited student demand. Additionally, a voluntary retirement program was created to provide management with a tool to reduce the workforce without a sacrifice in quality.

In a continued effort to address budgetary shortfalls, in the Spring of 2004, the University commissioned the Vision and Resources Task Force, which is made up of 25 University administrators, faculty, staff and students. In preparing their report, the Task Force was charged by President White with the mission of "articulat[ing] an inspirational vision of the University's future" and "recommend[ing] a realistic long-term design for the University that is based upon a shared vision, a commitment to excellence, and that is attendant with necessary budget cuts, reallocations and possibilities of revenue generation." The Task Force issued a Report in September 2004 that makes recommendations for continuing to further the University's vision and mission, while addressing budgetary constraints.

The University administration is currently in the process of reviewing the recommendations made in the Vision Resources Task Force Report and comments thereto from the University community. Changes resulting from the Vision and Resources Task Force are expected to be announced this Spring and implemented beginning in Fiscal Year 2006.

Grants and Contracts

The United States government and various other public and private sponsoring agencies, through various grant and contract programs, provide a substantial percentage of the University's operating revenues. The use of such funds is usually restricted to specific projects. Such revenues include grants and contracts for research, public service, instruction and training programs, fellowships, scholarships, endowment scholarship programs, and student aid programs, and grants for construction projects. The University believes it has complied with all material conditions and requirements of these various grants and contracts.

Financial Aid

Financial aid, primarily in the form of student loans, scholarships, grants, student employment, awards, and deferred payments is available to students. The University believes that the amount of available financial aid is adequate. During the 2003-2004 academic year, the total financial aid to students received at the University was approximately $70 million, of which approximately $42 million was in the form of direct student loans.

Federal Appropriations

In accordance with the University's designation as a land grant institution, the United States government provides the University with funds for specific programs. Like most federal governmental programs, however, there is no assurance that these funds will continue to be appropriated.

Land Grant Endowments

The University is the State's land grant university, and as such is entitled to revenues from certain State lands.

Budget Process/Financial Reports

The University operates on an annual budget system. Its fiscal year begins July 1 of each year. The budget process, as well as the administration of the expenditures authorized through the process, is administered through the offices of the President and the Vice President for Finance and Administration in collaboration with the departmental faculty and other administrative officers. The internal budget process concludes with a general budget proposal for the following fiscal year being submitted in consolidated form by the University administration to the Regents in August of each year.

The University's budget is approved by the Regents prior to the commencement of the Fiscal Year, usually at the June meeting. At that meeting, the Regents, in their capacity as members of the State Board of Education, approve the annual budgets for the other institutions of higher education as well.

Future Plans

The University has no immediate plans to issue Additional Bonds under the Resolution. The University has a number of capital projects underway or in various stages of planning and the University expects to continue to have a need for maintaining, improving and expanding its capital facilities. Sources of funds for these projects include State-appropriated funds, funding authorized through the Idaho State Building Authority, dedicated funds, bonded indebtedness, donations and private support. The University is considering various proposals for energy savings performance contracts, some of which contain proposals for financing the energy saving equipment with or without issuance of bonds. The University completed a ten-year capital improvement plan in 2001, which is identified in the University's Strategic Plan.

Schedule of Outstanding Indebtedness

Set forth below is the University's schedule of outstanding indebtedness as of June 30, 2004, and including the Series 2005A Bonds.

Name of Issue	Date Incurred	Final Maturity Date	Amount of Original Indebtedness	Amount of Debt Outstanding
General Revenue Bonds				
Student Fee Revenue Bonds (Telecommunications Infrastructure Project), Series 1996	1996	2011	7,965,000	$ 890,000[1]
Student Fee Refunding Bonds, Series 1997B	1997	2016	12,380,000	11,085,000
Student Fee Revenue Bonds (Elmwood Apartments Acquisition Project), Series 1999A	1999	2025	1,470,000	1,395,000
Student Fee Revenue Bonds (Sweet Avenue and University Campus Improvement Projects) Series 1999B	1999	2025	6,150,000	5,850,000
Student Fee Revenue Bonds, Series 1999C	1999	2019	6,305,000	5,420,000
Student Fee Revenue Bonds, Series 2001	2001	2041	40,930,000	40,930,000
Student Fee Refunding and Revenue Bonds, Series 2003	2003	2022	17,585,000	16,695,000
General Revenue Refunding Bonds, Series 2005A	2005	____	________	________
Subtotal			$________	$________
Activity Center Bonds				
Student Fee Refunding Revenue Bonds, Series 1996	1996	2013	9,285,000	6,040,000
Student Fee Revenue Bonds (University Commons Project), Series 1997	1997	2022	14,100,000	415,000[2]
Student Fee Revenue Bonds (University Commons Supplemental Project), Series 1997	1997	2022	5,620,000	4,865,000
Student Fee Revenue Bonds (Kibbie and Enrollment Services Centers Improvement Projects), Series 1999D	1999	2026	6,020,000	6,020,000
Subtotal			$35,025,000	$17,340,000
Recreation Center Bonds				
Student Fee Revenue Bonds (Recreation Center Project), Series 1999	1999	2025	$20,115,000	$15,800,000[3]
Total Bonded Indebtedness After Issuance of Series 2005A Bonds and Refunding of the Refunded Bonds			$_________	$________
Other indebtedness, consisting of notes payable and line-of-credit with interest rates ranging from 3.80% to 5.00%, due through the year 2019				$1,945,211

[1] Does not include the $2,700,000 refunded with the Series 2005A Bonds.
[2] Does not include the $12,965,000 refunded with the Series 2005A Bonds.
[3] Does not include the $3,185,000 refunded with the Series 2005A Bonds.
Source: University of Idaho

UNIVERSITY GOVERNANCE AND ADMINISTRATION

The responsibility for overall management and determination of University policy and standards is vested with the Regents of the University of Idaho who also serve as the Idaho State Board of Education and simultaneously, among other duties, the Trustees for Boise State University, Idaho State University in Pocatello and Lewis-Clark State College in Lewiston and as the State Board for Professional-Technical Education. The combined boards are appointed by the Governor for five-year terms. The membership, terms, residences and occupations are listed below.

The Board of Regents of the University and The State Board of Education

Name	Residence	Occupation	Term Expires
Roderic W. Lewis (President)	Boise	General Counsel, Micron Technology, Inc.	2005
Laird Stone (Vice President)	Twin Falls	Attorney	2008
Milford Terrell (Secretary)	Boise	Owner/President of DeBest Plumbing	2007
Paul C. Agidius	Moscow	Attorney	2006
Blake G. Hall	Idaho Falls	Attorney	2005
Dr. Marilyn Howard*	Boise	State Superintendent of Public Instruction	2007
Karen McGee	Pocatello	Audiologist and a former member of Pocatello City Council	2009
Sue Thilo	Coeur d'Alene	Community Leader	2009

* Dr. Howard serves ex-officio to the State Board of Education in her capacity as State Superintendent of Public Instruction, which is a statewide elective office. Her current term on the Board expires on January 1, 2007.

The State Board of Education has a full-time professional staff headed by Gary Stivers, Executive Director. His appointment became effective October 1, 2001.

University Officers

The affairs of the University are managed by the President of the University and the staff. The President is appointed by, reports to, and serves at the pleasure of the Regents of the University of Idaho. Following is a brief biographical resume of President White and his executive staff:

Timothy P. White, President, assumed his position at the University of Idaho on August 1, 2004. He received his Ph.D. from the University of California, Berkeley, following baccalaureate and master's degrees from California State University Fresno and Hayward, respectively. He spent two years as a post-doctoral scholar at the University of Michigan before starting his academic career in Ann Arbor in 1978. Previously he served Oregon State University as Provost and Executive Vice President since January 2000, with an interim appointment as President from late December 2002 to August 2003. Dr. White worked through the academic ranks at Michigan and left in 1991 as Professor and Chair of the Department of Movement Science in the Division of Kinesiology, and Research Scientist in the Institute of Gerontology. He then became Professor and Chair of the Department of Human Biodynamics in the College of Letters and Science, University of California Berkeley. He is internationally recognized for his work in muscle plasticity, injury, and aging.

Linda J. Morris, Interim Provost, came to the University in 1974. She began working at UI as Director of a teaching training program on Native American education. She has a distinguished record of research, teaching, and service at the University, and has received several teaching and research awards in her professorship with the College of Business and Economics. Prior to her position as Provost, she held the rank of Professor of Business in the College of Business and Economics, served as the area coordinator of the College's marketing major, Director of the Office of Multicultural Affairs, Vice Chair of the Faculty Council, and has served as the chairperson of numerous other faculty committees. Additionally, she has served as the President of the Western Marketing Educators' Association. More recently, she was appointed to the Interim Associate Vice Provost of Academic Affairs. Dr. Morris received a B.S. in Business Education and a M.S. in Business Education from University of Oklahoma. She received a M.B.A. in Marketing from Central State University and a Ph.D. in Education Administration from the University.

Jay D. Kenton, Vice President for Finance and Administration, has served in his present position since July 2004. Dr. Kenton began his career in higher education administration in 1983 at Eastern Oregon University as the Assistant Director of Business Affairs and then went on to the Oregon Institute of Technology where he served as the Assistant Director of Business Affairs. He joined Portland State University in 1988 as the Director of Business Affairs and was promoted to Associate Vice President in 1996. He also served as the Chief Financial Officer for 2001-2004. Dr. Kenton was also a Professor in the Hatfield School of Government, College of Urban and Public Affairs at Portland State where he taught courses on public financial management. Dr. Kenton received a bachelor of science in business administration and a master's degree in adult and higher education from Oregon State University. He earned his Ph.D. in public administration and policy at Portland State University. Dr. Kenton is also serving as the First Vice President for WACUBO (Western Association of College and University Business Officers) for 2004-2005.

Charles R. Hatch, Vice President for Research, Graduate Studies, and Outreach at the University of Idaho, came to the University in 1973 from Southern Illinois University. At the University, Dr. Hatch has served as a Professor, the College of Forestry's Associate Dean for Research in 1979, the Head of the Department of Forest Resources, and Dean of the College of Forestry, Wildlife and Range Sciences. In 2000, Dr. Hatch was asked to serve as Interim Vice President for Research and Graduate Studies and was selected for the position on a permanent basis in 2001. Since that time, he served six months as acting Provost in 2003, and was given administrative responsibility for University outreach in addition to research and graduate studies. Dr. Hatch earned a B.S. in Forest Management from University of Montana in 1964; an M.F. in Forest Mensuration from Oregon State University in 1967; and a Ph.D. in Forest Mensuration and Statistics from University of Minnesota in 1971.

University of Idaho Foundation

The Foundation is a nonprofit corporation organized under Idaho law in 1970. Its purpose is to receive, manage and otherwise deal in property and apply the income, principal and proceeds of such property for the benefit of the University. A self-sustaining board of directors, who are appointed for 3-year terms, manage the Foundation.

The Foundation receipts all gifts to the University and transfers such gifts to the donor-designated area within the University on a regular schedule. In addition, it manages the endowment funds in a pooled investment fund referred to as the Consolidated Investment Trust (the "CIT"). Earnings from the CIT are transferred annually to the University. Some funds invested in the CIT are held in trust for the University and are shown as an asset and liability on the Foundation financial statements.

Beginning in Fiscal Year 2004, the University is required to discretely present the Foundation as a component unit. Financial information concerning the Foundation is contained in Note 16 to the University's Audit included in *APPENDIX A* hereto. Net assets of the Foundation at June 30, 2004 were $104,100,562.

The net assets of the Foundation include $75,873,832 in non-expendable restricted endowment funds, $33,401,579 in expendable funds, which are restricted to uses designated by donors, and $3,209,561 invested in capital assets owned by the Foundation. On June 30, 2004, the Foundation had a negative unrestricted balance of $8,384,410 associated with the losses on the Water Center project. Since the financial statements were issued for Fiscal Year 2004, the Foundation has sold unrestricted assets at a net gain of approximately $5.5 million and received approximately $430,000 in reimbursements received from the Idaho State Building Authority. These assets were used to pay down debt and have reduced the negative fund balance to approximately $2.5 million.

TAX EXEMPTION

In the opinion of Hawley Troxell Ennis & Hawley LLP, Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Series 2005A Bonds is not included in gross income under present federal income tax laws pursuant to Section 103 of the Code and is exempt from all State of Idaho income taxes under present state income tax laws, and interest on the Series 2005A Bonds is not included in alternative minimum taxable income as defined in Section 55(b)(2) of the Code under present federal income tax laws except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below. The Code imposes several requirements, which must be met with respect to the Series 2005A Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the Series 2005A Bonds. These requirements include: (a) limitations as to the use of proceeds of the Series 2005A Bonds, and (b) limitations on the extent to which the proceeds of the Series 2005A Bonds may be invested in higher yielding investments. The Regents will covenant that they will take all steps to comply with the requirements of the Code to the extent necessary to maintain the exclusion of interest on the Series 2005A Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustments applicable to corporations) under present federal income tax laws. Bond Counsel's opinion as to the exclusion of interest on the Series 2005A Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Regents to comply with these requirements could cause the interest on the Series 2005A Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance.

Section 55 of the Code contains a 20 percent alternative minimum tax on the alternative minimum taxable income of corporations. Under the Code, for taxable years beginning after 1989, 75 percent of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Series 2005A Bonds.

Certain maturities of the Series 2005A Bonds are issued at original offering prices in excess of their original principal amount. The difference between the original offering price and the principal amount payable at maturity represents bond premium under the Code. As a result of requirements of the Code relating to the amortization of bond premium, under certain circumstances an initial owner of a Series 2005A Bond may realize a taxable gain upon disposition of such Series 2005A Bond, even though such Series 2005A Bond is sold or redeemed for an amount equal to the original owner's cost of acquiring such Series 2005A Bond. All owners of Series 2005A Bonds are advised that they should consult with their own tax advisors with respect to the tax consequences of owning and disposing of Series 2005A Bonds, whether the disposition is pursuant to a sale of the Series 2005A Bonds or other transfer, or a redemption.

The initial public offering price of certain maturities of the Series 2005A Bonds (the "Discount Bonds"), as shown on the inside cover page hereof, is less than the amount payable on such Series 2005A Bonds at maturity. The difference between the amount of the Discount Bonds payable at maturity and the original offering price of the Discount Bonds as shown on the inside cover page hereof will be treated as "original issue discount" for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is not included in gross income alternative minimum taxable income or Idaho taxable income, under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on April 1 and October 1 with straight-line interpolation between compounding dates. In the case of a purchaser who acquires the Discount Bonds in this offering, the amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income, alternative minimum taxable income and Idaho taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity).

Beneficial Owners who purchase Discount Bonds in the initial offering at a price other than the original offering price shown on the inside cover page hereof and owners who purchase Discount Bonds after the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds. Beneficial Owners who are subject to state or local income taxation (other than Idaho state income taxation) should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Code contains numerous provisions that may affect an investor's decision to purchase the Series 2005A Bonds. Beneficial Owners should be aware that the ownership of tax exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "Subchapter S" corporations, may result in adverse federal tax consequences. Bond Counsel's opinion relates only to the exclusion of interest on the Series 2005A Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on ownership of the Series 2005A Bonds. Beneficial Owners should consult their own tax advisors as to the applicability of these consequences.

Amendments to the federal tax laws could be proposed or enacted in the future, and there can be no assurance that any such future amendments which may be made to the federal tax laws will not adversely affect the value of the Series 2005A Bonds, the exclusion of interest on the Series 2005A Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Series 2005A Bonds or any other date, or result in other adverse federal tax consequences.

UNDERWRITING

The Series 2005A Bonds are being purchased by Lehman Brothers Inc., acting as the Underwriter. The Bond Purchase Agreement, entered into between the Underwriter and the University, provides that the Underwriter will purchase the Series 2005A Bonds at a price of $___________ representing (i) $__________ par amount of the Bonds, plus/minus (ii) net original issuance premium/discount of $___________. Lehman Brother Inc. is being paid an underwriter's fee of $___________. After initial public offering, the public offering prices may vary from time to time. Under the Bond Purchase Agreement, the Underwriter is obligated to purchase all of the Series 2005A Bonds if any are purchased. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2005A Bonds to the public.

The Underwriter may offer and sell the Series 2005A Bonds to certain dealers (including dealers depositing the Series 2005A Bonds in investment trusts) and others at prices lower than the offering prices stated on the cover page of this Official Statement. The initial public offering prices stated on the cover page may be changed from time to time by the Underwriter.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("S&P") have assigned their municipal bond ratings of "___" and "___," respectively, to the Series 2005A Bonds. The ratings reflect only the views of the rating agencies, and an explanation of the significance of the ratings may be obtained from the rating agencies. There is no assurance that such ratings will continue for any given period of time or that the ratings may not be revised or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Any downward revision or withdrawal of such ratings will be likely to have an adverse effect on the market price or marketability of the Series 2005A Bonds.

TRUSTEE

The Regents have appointed Wells Fargo Bank, N.A., to serve as Trustee, bond registrar, authenticating agent, paying agent and transfer agent with respect to the Series 2005A Bonds.

The Trustee is a wholly owned subsidiary of Wells Fargo & Company (NYSE:WFC). Wells Fargo & Company is a $315 billion diversified financial services company providing banking, insurance, investments, mortgage and consumer finance services through almost 6,000 stores, Internet (wellsfargo.com) and other distribution channels across North America, and elsewhere internationally.

Except for the contents of this section, the Trustee assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Preliminary Official Statement.

CONTINUING DISCLOSURE

The University and the Trustee have entered into a "Disclosure Agreement" pursuant to which the University will provide to the Trustee within 180 days following the end of its fiscal year a copy of its annual audited financial statements and such other financial, statistical and operating data for such fiscal year in form and scope similar to the financial, statistical and operating data included in this Official Statement. The University also has agreed to deliver to the Trustee notice of the events described in paragraph (b)(5)(i)(C) of Rule 15c2-12 as promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). The Trustee has agreed to deliver the information and the notices described in the preceding two sentences upon receipt thereof from the University to each nationally recognized municipal securities information repository and to the State of Idaho information depository, if any, and to deliver any notice of an event described in paragraph (b)(5)(i)(C) of Rule 15c2-12 to the Municipal Securities Rulemaking Board. The Trustee also agrees that if it has knowledge that the University has not delivered its annual audited financial statements or has not provided the financial, statistical and operating data as described above or if it has knowledge of the occurrence of an event described in clauses (1), (3) or (4) of paragraph (b)(5)(i)(C) of Rule 15c2-12, it will directly notify such nationally recognized municipal securities information repository and the Municipal Securities Rulemaking Board of the University's failure to deliver such information or the occurrence of such event.

The University has not failed to perform any obligation with respect to any existing undertaking to provide continuous disclosure under the Rule. A failure by the University to comply with the Disclosure Agreement will constitute an event of default under the Disclosure Agreement and will entitle any Bondholder (including any Beneficial Owner) to bring an action for specific performance and to take such other remedies as are provided in the Disclosure Agreement.

A failure by the University to comply with the Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2005A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2005A Bonds and their market price.

LITIGATION

The University has reported as of the date hereof that there is no litigation pending or threatened that, if decided adversely to the interests of the University, would have a materially adverse effect on the operations or financial position of the University. There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Series 2005A Bonds or in any way contesting or affecting the validity of, or having a material adverse effect on, the Series 2005A Bonds, the pledge and application of Pledged Revenues or the existence or powers of the University.

LEGAL MATTERS

All legal matters incident to the authorization and issuance of the Series 2005A Bonds are subject to the approval of Hawley Troxell Ennis & Hawley LLP, Boise, Idaho, as Bond Counsel to the University whose approving opinions will be delivered with the Series 2005A Bonds. Certain legal matters will be passed upon for the University by its Senior Associate University Counsel, Sharyl Kammerzell, Moscow, Idaho, and for the Underwriter and the University by Hawley Troxell Ennis & Hawley LLP, Boise, Idaho, in its sole discretion.

INDEPENDENT AUDITORS

The financial statements of the University as of and for the year ended June 30, 2004, included in this Official Statement as *APPENDIX A*, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing therein.

THE REGENTS OF THE UNIVERSITY OF IDAHO

By: /s/ Jay D. Kenton
Jay D. Kenton
Vice President for Finance and Administration
and Bursar

APPENDIX A

FINANCIAL STATEMENTS OF THE UNIVERSITY
FISCAL YEAR ENDED JUNE 30, 2004

APPENDIX B

SCHEDULE OF STUDENT FEES

The fee schedule that follows was approved by the Regents at the March 2004 meeting for fees to be assessed during the 2004-2005 academic year. The University bases the Estimated Annual Revenue to be collected from each of the fees on budgeting assumptions of the student fees approved for the current academic year and the number of full-time and part-time students for the previous academic year. The number of students obtained by dividing the Estimated Annual Revenue line items for full-time students is less than the full-time equivalents and fall semester full time enrollees for Fall 2004 shown in the body of the Official Statement under "*THE UNIVERSITY--Five-Year Historical Enrollment Summary*." This is consistent with historic budgeting assumptions, including consideration of the University's policy to provide fee waivers or discounts to certain scholarship recipients and to certain employees and spouses of certain employees. The University's estimates include certain assumptions concerning refunds, late fees and other variabilities in individual fees, such that the annual estimated revenues of each fee are not the numerical product of the fee rates times a constant number for students paying such fees, but nonetheless represent the University's best estimate of fee revenues.

TUITION AND STUDENT FEES
ACADEMIC YEAR 2004-2005

	Full-Time		Part-Time[1]	
	Amount Per Semester	**Estimated Annual Revenue**	**Amount Per Semester**	**Estimated Annual Revenue**
FACILITY FEES				
Recreation Center Fee	$82.00	$1,568,700	$8.20/1.20	$159,400
Residential Campus Development Fee	5.00	95,700	0.00	-
Student Building Fee	53.25	1,018,700	1.00	31,500
Activity Center Complex Fee	130.00	2,487,000	9.50	299,100
Subtotal Facility Fees	$270.25	$5,170,100	NA	$490,000
TECHNOLOGY FEES				
Student Computing and Network Access Fee	$58.50	$1,119,100	$6.00/5.00	$176,500
GENERAL EDUCATION OPERATING BUDGET				
Matriculation Fee (FT)/Education Fee (PT)	$1,141.00	$21,827,300	$121.35/101.40/119.05/92.60	$4,727,600
DEDICATED ACTIVITY FEES				
A.S.U.I. General	$45.40	$868,500	$2.60/2.50	$43,900
Alumni Association Fee	1.00	19,100	-	-
Campus Card	7.90	151,100	1.50/.50	13,600
Cheerleader Program	1.30	24,900	-	-
College Dedicated Fee		-	19.10	269,300
Commons/Union Operations	70.40	1,346,800	4.00/2.00	44,700
Fine Arts	3.00	57,400	-	-
Intercollegiate Athletics	95.50	1,826,900	3.00/2.00	80,300
Intramural/Locker/Recreational Services	22.25	425,600	5.50	95,600
Kibbie Center Operations (Stadium)	15.70	300,300	5.00/3.50	68,300
Marching Band	6.25	119,600	1.25/.50	12,400
Minority Student Program	1.50	28,700	-	-
Sales Tax	1.35	25,800	-	-
Student Advisory Services	13.00	248,700	-	-
Student Benefits, Health and Wellness	10.80	206,600	2.70/2.20/2.00/2.20	69,500
Student Health Services	20.00	382,600	3.50	60,800
Student Recreation Center Operations	30.90	591,100	2.90/1.25	29,900
Subtotal Dedicated Activity Fees	$346.25	$6,623,700	NA	$788,300
Subtotal Student Fees	$1,816.00	$34,740,200	NA	$6,182,400
OTHER FEES/TUITION				
Graduate/Professional Fee	$270.00	$718,200	$27.00	$489,000
Law College Dedicated Fee	1,700.00	1,003,000	105.00/90.00	40,800
Architecture School Dedicated Fee	352.00	281,600	35.00	27,700
Non-Resident Tuition	4,010.00	5,614,000	123.00	150,100
In-Service Teacher Education Fee Grad/Undergrad		-	60.00 /72.00	399,900
Western Undergraduate Education Fee	908.00	1,244,000	-	-
Subtotal Other/Tuition	NA	$8,860,800	NA	$1,107,500
Grand Total, Full and Part Time		$43,601,000		$7,289,900
GRAND TOTAL STUDENT FEES				**$50,890,900**

1 Part-Time Fees may vary depending on location and session.

APPENDIX C

GLOSSARY OF CERTAIN TERMS USED IN THE RESOLUTION AND OFFICIAL STATEMENT

APPENDIX D

SUMMARY OF THE RESOLUTION

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Boise, Idaho 83701-1617
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HTEH HAWLEY TROXELL ENNIS & HAWLEY LLP
ATTORNEYS AT LAW

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Date of Closing]

The Regents of the University of Idaho
University of Idaho
Moscow, ID 83844

Wells Fargo Bank, N.A.
Corporate Trust Services
999 West Main Street, Third Floor
Boise, ID 83702

Re: *The Regents of the University of Idaho, General Revenue Refunding Bonds, Series 2005A*

This is to certify that we have examined the Constitution and laws of the State of Idaho and certified transcripts of the record of the proceedings of The Regents (“the Regents”) of the University of Idaho (the “University”), including certified copies of the Resolution dated November 22, 1991 (the “Original Resolution”), as amended and supplemented by a Supplemental Resolution adopted on January 25, 2005 (the “Supplemental Resolution” and together with the Original Resolution, as previously supplemented and amended, the “Resolution”), passed to authorize the issuance by the University of its $__________ aggregate principal amount General Revenue Refunding Bonds, Series 2005A (the “Series 2005A Bonds”). Terms used herein as capitalized terms have the meaning assigned to such terms in the Resolution. The Series 2005A Bonds are dated as provided in the Resolution, bear interest from their date at the rates set forth below payable on April 1 and October 1 in each year commencing April 1, 2003, and mature on April 1 in each of the designated years and the principal amounts set forth below:

Due April 1	Amount	Interest Rate

$_______ ____% Term Bonds due April 1, ____ @ ____%

The Series 2005A Bonds are being issued under the authority of the Constitution of the State of Idaho and the Educational Institution's Act of 1935, being codified in Title 33, chapter 38, Idaho Code (the "Act"), to provide funds to advance refund $2,700,000 of the University's Student Fee Revenue Bonds (Telecommunications Infrastructure Facilities Project), Series 1996 maturing on or after April 1, 2007 (the "Series 1996 Refunded Bonds"), $12,965,000 of the Student Fee Revenue Bonds (University Commons Project), Series 1997 maturing on April 1 in the years 2013, 2014, 2015, 2016, 2017, and 2022 (the "Series 1997 Refunded Bonds"), and $3,185,000 of the Student Fee Revenue Bonds (Recreation Center Project), Series 1999 maturing on April 1 in the years 2014 and 2015 (the "Series 1999 Refunded Bonds" and collectively with the Series 1996 Refunded Bonds and the Series 1997 Refunded Bonds, the "Refunded Bonds").

A portion of the proceeds of the sale of the Series 2005A Bonds, together with other funds of the University, have been applied to the purchase of certain obligations of the United States of America, which obligations have been deposited in trust in an escrow account (the "Escrow Account") with Wells Fargo Bank, N.A., Boise, Idaho, as Escrow Agent, in such manner that the collection of the principal thereof and the interest thereon is to be applied to the payment of principal of and interest as shall become due on the Refunded Bonds and the principal and interest due thereon, plus redemption premium, pursuant to call for redemption as set forth in the Escrow Agreement between the University and the Escrow Agent. We have relied upon a report prepared by [The Arbitrage Group, Inc.], as to the accuracy of (i) the mathematical computations concerning adequacy of the maturing principal amounts of and interest earned on the obligations of the United States of America placed in the Escrow Account to pay when due the principal of and interest on the Refunded Bonds and (ii) the mathematical computations of the yield on the Series 2005A Bonds and the yield on the obligations so purchased with a portion of the proceeds of sale of the Series 2005A Bonds.

The Series 2005A Bonds are secured by the "Pledged Revenues" (as defined in the Resolution) equally and ratably with the Outstanding Bonds issued under the Original Resolution, which Pledged Revenues include, among other things, Student Fees, Sales and Service Revenues, F&A Recovery Revenues, Other Revenues and Investment Income. The Series 2005A Bonds are being sold to Lehman Brothers Inc. pursuant to a Bond Purchase Agreement dated January 25, 2005 (the "Bond Purchase Agreement").

In our capacity as bond counsel we have also examined originals or reproduced or certified copies of all such other corporate records, agreements, communications, certificates of officers and other instruments of the University, as well as such certificates of public officials and other documents as we have deemed relevant and necessary as a basis for the opinions set forth below.

In such examination we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity to original documents of all documents submitted to us as certified or reproduced copies. As to various questions of fact and material to such opinions we have relied upon certificates of officers of the University and upon the representations and warranties of the University set forth in the Resolution and the Bond Purchase Agreement.

Based upon the foregoing, it is our opinion as Bond Counsel that:

1. The University is a validly created and existing body corporate and politic of the State of Idaho.

2. The University has the power under the Act to issue the Series 2005A Bonds and to adopt the Resolution.

3. The Original Resolution and the Supplemental Resolution have each been duly and lawfully adopted by the University and are in full force and effect and are valid and binding upon the University and enforceable in accordance with their terms except as enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws relating to the enforcement of creditors' rights, and except to the extent that the obligations of the University under the Resolution are subject to the exercise in the future by the State of Idaho and its governmental bodies of the police power inherent in the sovereignty of the state and to the exercise by the United States of America the power delegated to it by the Constitution, and no other authorization for the Supplemental Resolution is required.

4. The Resolution creates the valid pledge which it purports to create of the Pledged Revenues, monies, securities and funds held or set aside under the Resolution, subject to the allocation thereof to the purposes and on the conditions permitted by the Resolution.

5. The Series 2005A Bonds have been duly and validly authorized and issued in accordance with the Act and the Resolution, and the Series 2005A Bonds are legally binding obligations of the University, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws relating to the enforcement of creditors' rights) and the terms of the Resolution, and are entitled to the benefits of the Resolution and the Act.

6. The Series 2005A Bonds have been issued for a purpose for which bonds may be issued under the Act and the Resolution, all conditions prescribed in the Resolution as precedent to the issuance of the Series 2005A Bonds, as Additional Bonds under the Resolution, have been fulfilled, and consents of any Regulatory Bodies required in connection with the issuance of the Series 2005A Bonds have been obtained.

7. Assuming continuous compliance with certain covenants and representations contained in the Resolution, interest on the Series 2005A Bonds is not included in gross income under the present federal income tax laws pursuant to Section 103 of the Internal Revenue Code 1986, as amended (the "Code"), and interest on the Bonds is not included in alternative minimum taxable income as defined in Section 55(b)(2) of the Code under present federal income tax laws, except that such interest is required to be included in calculating the "Adjusted Current Earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The foregoing opinions set forth in this paragraph 7 assume that the University will comply with certain covenants in the Resolution relating to requirements of the Internal Revenue Code of 1986, as amended.

8. Interest on the Series 2005A Bonds is exempt from all State of Idaho income tax under present state income tax laws.

9. The Refunded Bonds are deemed to be paid within the meaning and with the effect expressed in the Resolution, and are, therefore, not outstanding for purposes of the Resolution, and are not entitled to any lien, benefit or security under the Resolution.

As Bond Counsel we are passing only upon those matters set forth in this opinion and are not passing upon the accuracy or completeness of any information furnished to any person in connection with any offer or sale of the Series 2005A Bonds, or upon any federal or state of Idaho tax consequences arising from the receipt or accrual of interest on or the ownership of the Series 2005A Bonds except those specifically addressed in paragraph 7 above.

Respectfully submitted,

HAWLEY TROXELL ENNIS & HAWLEY LLP

APPENDIX F

DEPOSITORY TRUST COMPANY INFORMATION

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THE REGENTS OF THE UNIVERSITY OF IDAHO

A SUPPLEMENTAL RESOLUTION of the Regents of the University of Idaho authorizing the issuance and sale of General Revenue Refunding Bonds, Series 2005A, in the principal amount of $____________, authorizing the execution and delivery of a bond purchase agreement and providing for other matters relating to the authorization, issuance, sale and payment of the Series 2005A Bonds and the creation of a single bond system.

Adopted January ____, 2005

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SUPPLEMENTAL RESOLUTION

A SUPPLEMENTAL RESOLUTION of the Regents of the University of Idaho authorizing the issuance and sale of General Revenue Refunding Bonds, Series 2005A, in the principal amount of $__________, authorizing the execution and delivery of a bond purchase agreement and providing for other matters relating to the authorization, issuance, sale and payment of the Series 2005A Bonds and the creation of a single bond system.

* * * * * *

WHEREAS, the University of Idaho (the "University") is a state institution of higher education and body politic and corporate organized and existing under and pursuant to the Constitution and laws of the State of Idaho; and

WHEREAS, the Regents of the University of Idaho (the "Regents") are authorized, pursuant to the Educational Institutions Act of 1935, the same being chapter 38, Title 33, Idaho Code (the "Act"), and the Constitution of the State of Idaho, to issue bonds for "projects" as defined in said Act; and

WHEREAS, the Regents are authorized pursuant to said Act and pursuant to Title 57, chapter 5, Idaho Code, to issue refunding bonds; and

WHEREAS, on November 22, 1991, the Regents adopted a Resolution, which has been subsequently amended and supplemented (as supplemented, the "Resolution" or "Bond Resolution") relating to the issuance and sale of $6,000,000 Facility Revenue Bonds, Series 1992A (the "Series 1992A Bonds"), and providing among other things for the issuance of additional Facility Revenue Bonds for future projects or refunding purposes (the "Additional Bonds"), with payment of the Series 1992A Bonds and any Additional Bonds secured by Pledged Revenues (as defined in the Resolution);

WHEREAS, the University is authorized under the provisions of Article VII of the Resolution to issue series of Additional Bonds upon compliance with the requirements of Section 7.2 of the Resolution;

WHEREAS, on June 13, 1996, the Regents adopted a resolution supplementing the Resolution and providing for the issuance and sale of $7,965,000 Student Fee Revenue Bonds (Telecommunications Infrastructure Facilities Project), Series 1996 (the "Series 1996 Bonds") as Additional Bonds thereunder to acquire certain telecommunications and related facilities on and improvements to the University's campus;

WHEREAS, in addition to the Bonds issued under the Resolution, the Regents have issued bonds pursuant to a resolution adopted March 15, 1996, which bonds and additional bonds issued thereunder pursuant to supplemental resolutions adopted January 21, 1997, November 20, 1997, and November 18, 1999 are hereinafter collectively referred to as the "Activity Center Bonds," and are secured by a pledge of certain fees, revenues and investment income;

WHEREAS, the Regents have also issued bonds pursuant to a resolution adopted January 25, 1999, which bonds issued thereunder are hereinafter referred to as the "Recreation Center Bonds," and are secured by a pledge of certain fees, investment income and other revenues as designated by the Regents;

WHEREAS, the Regents have determined that certain of the Series 1996 Bonds, the Activity Center Bonds and the Recreation Center Bonds (collectively, the "Refunded Bonds") can be refunded in accordance with the Act, and to achieve a savings and other objectives that the Regents find to be beneficial to the University in accordance with Title 57, chapter 5, Idaho Code;

WHEREAS, in conjunction with the authorization of the issuance of its Series 2005A Bonds to refund the Refunded Bonds, the Regents desire to create a single revenue bond system (the "Bond System") under the Resolution under which the Series 2005A Bonds shall be issued and Additional Bonds of the University may be issued and to enhance the security and source of payment of the Bonds; and

WHEREAS, to increase the University's financial flexibility under the Bond System and as allowed under the Resolution and the resolutions authorizing the Activity Center Bonds and Recreation Center Bonds, the Regents desire to amend the definition of Pledged Revenues to include certain additional fees and revenues as hereinafter more particularly described, including the pledge of fees and/or revenues not required for payment of the University's Activity Center Bonds and Recreation Center Bonds for payment of Debt Service on Bonds issued under the Resolution, as amended and supplemented hereby, and, at such times as the Activity Center Bonds and/or Recreation Center Bonds are no longer outstanding, the respective fees and revenues shall be included as Pledged Revenues to secure payment of Debt Service on Bonds;

WHEREAS, to establish the Bond System and to pledge fees and revenues to secure the Bonds issued thereunder, by this Supplemental Resolution, the Regents desire to (i) amend and/or add certain definitions under the Resolution, (ii) amend certain covenants of the University to be effective as described below, and (iii) amend certain provisions required by the Resolution with respect to the issuance of Additional Bonds, to be effective as described below (collectively, the "Amendments"); and

WHEREAS, the Regents deem it advisable to implement the Amendments as soon as possible, and therefore, for purposes of the consent provisions of Section 10.1A of the Resolution, proposes to issue the Series 2005A Bonds provided that the initial owners of the Series 2005A Bonds shall be deemed to give their consent to the adoption of the Amendments upon the purchase of the Series 2005A Bonds and the University shall request the Pre-2005A Bond Insurers (hereinafter defined) to consent to certain of the Amendments prior to their effectiveness;

NOW, THEREFORE, BE IT RESOLVED BY THE REGENTS OF THE UNIVERSITY OF IDAHO AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 101. Definitions

(a) Except as provided in subparagraph (b) of this Section, all defined terms contained in this Supplemental Resolution shall have the same meanings as set forth in the Resolution.

(b) As used in this Supplemental Resolution, unless the context shall otherwise require, the following terms shall have the following meanings:

"**Amendments**" means the Amendments to the Resolution as described in Article V of this Supplemental Resolution.

"Bond Proceeds Account" means the account established under Section 301(a) hereof into which shall be deposited the proceeds from the sale of the Series 2005A Bonds received from the Underwriter in accordance with Section 302 hereof.

"Bond Purchase Agreement" means the Bond Purchase Agreement dated ___________, 2005, between the Regents and the Underwriter pursuant to which the Series 2005A Bonds are to be sold.

"Bond Register" shall mean the registration records of the University, maintained by the Trustee, on which shall appear the names and addresses of the Registered Owners of the Series 2005A Bonds.

"Book-Entry System" shall mean the book-entry system of registration for the Series 2005A Bonds described in Section 209 of this Supplemental Resolution.

"Cede & Co." shall mean Cede & Co., as nominee of DTC.

"DTC" means The Depository Trust Company, New York, New York.

"DTC Participants" shall mean those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

"Escrow Agent" shall mean Wells Fargo Bank, N.A., Boise, Idaho, or its successor in function, as now or hereafter designated, which shall supervise the Escrow Account and the Investment Securities, as defined in the Escrow Agreement.

"Escrow Agreement" means the agreement between the University and Trustee, as Escrow Agent, dated the date of delivery of the Series 2005A Bonds, providing for an Escrow Account for deposit of the Refunding Proceeds.

"Information Reporting Agreement" means the Information Reporting Agreement entered into between the University and the Trustee, dated February 5, 1997, and the Undertaking thereunder to be dated as of closing, with respect to the Series 2005A Bonds and as authorized by Section 205 of this Supplemental Resolution.

"Pre-2005A Bonds" shall mean all Bonds issued under the Resolution and Supplemental Resolutions thereto prior to the issuance of the Series 2005A Bonds.

"**Pre-2005A Bond Insurers**" shall mean Financial Security Assurance Inc., Municipal Bond Investors Assurance Corporation, Ambac Assurance Corporation, and Financial Guaranty Insurance Company.

"Record Date" shall mean the fifteenth day of the calendar month next preceding the interest payment date of the Series 2005A Bonds.

"Refunded Bonds" means $2,700,000 principal amount of Series 1996 Bonds maturing April 1, 2011, $3,185,000 principal amount Recreation Center Bonds maturing on April 1 in the years 2014 and 2015, and $12,965,000 principal amount of Activity Center Bonds maturing April 1 in the years 2013, 2014 through 2017, inclusive, and 2022, all of which will be refunded with the proceeds of the Series 2005A Bonds.

"Refunding Proceeds" shall mean the portion of the proceeds of the Series 2005A Bonds transferred to the Escrow Agent pursuant to Section 302(a) of this Supplemental Resolution for purposes of refunding the Refunded Bonds.

"Replacement Bonds" shall mean the Series 2005A Bonds described as such in Section 209.

"Representations Letter" means the Blanket Letter of Representations dated June 18, 1999, from the University to DTC.

"Resolution" shall mean the Resolution adopted by the Regents on November 22, 1991, as previously amended and supplemented.

"Securities Depository" shall mean DTC, or any successor Securities Depository appointed pursuant to Section 210.

"Series 2005A Bondholder" means the holder of any Series 2005A Bond.

"Series 2005A Bonds" means the $________ principal amount of General Revenue Refunding Bonds, Series 2005A, of the University authorized by this Supplemental Resolution.

"Series 2005A Costs of Issuance" shall mean the Costs of Issuance incurred in connection with the issuance, sale and delivery of the Series 2005A Bonds.

"Series 2005A Costs of Issuance Account" shall mean the account established pursuant to Section 301(b) hereof into which shall be deposited the portion of the proceeds of the Series 2005A Bonds necessary to pay the Series 2005A Costs of Issuance, as further provided in Article III hereof.

"Supplemental Resolution" means this Supplemental Resolution of the University adopted on January ____, 2005, authorizing the Series 2005A Bonds.

"Trustee" means Wells Fargo Bank, N.A., and its successors and permitted assigns under the Resolution.

["2005A Insurer" means ____________________, or any successor thereto or assignee thereof, as issuer of the 2005A Policy.]

["2005A Policy" means the insurance policy issued by the 2005A Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2005A Bonds when due.]

"2005A Serial Bonds" means any of the Series 2005A Bonds maturing on April 1 in the years 200__ through 20__, inclusive.

"2005A Term Bonds" means any of the Series 2005A Bonds maturing on April 1, 20__.

"Underwriter" means Lehman Brothers Inc., Seattle, Washington, or its successor in function, as the original purchaser of the Series 2005A Bonds.

Section 102. Authority for Supplemental Resolution. This Supplemental Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 2005A BONDS

Section 201. Authorization of Series 2005A Bonds, Principal Amount, Designation and Series; Confirmation of Pledged Revenues

In order to provide sufficient funds for the refunding of the Refunded Bonds, and in accordance with and subject to the terms, conditions and limitations established in the Resolution, as previously amended and as amended by this Supplemental Resolution, a series of Additional Bonds is hereby authorized to be issued in the aggregate principal amount of $_______________. Such series of Bonds shall be designated "General Revenue Refunding Bonds, Series 2005A." The Series 2005A Bonds shall be issued only in fully registered form, without coupons. The Series 2005A Bonds are secured by the pledge of the Pledged Revenues under Section 5.1 of the Resolution as amended by this Supplemental Resolution, equally and ratably with all Outstanding Bonds issued under the Resolution. Pursuant to the Amendments, as more particularly described herein, certain additional revenue and fees will be added to Pledged Revenues for the benefit and security of all Bonds issued under the Resolution.

Section 202. Finding and Purpose

The Regents hereby find, determine and declare:

(a) pursuant to Section 33-3804(i) and Section 57-504, Idaho Code, the Refunded Bonds can be refunded with a debt service savings and to the benefit and advantage of the University; and

(b) the applicable requirements of Article VII of the Resolution relating to issuance of Additional Bonds will have been complied with upon the delivery of the Series 2005A Bonds.

(c) in connection with issuance of Additional Bonds, the Regents are authorized to make such changes to the security and revenue for such Additional Bonds as it shall adopt in the proceedings authorizing such Additional Bonds, and pursuant to that power the Regents have determined to adopt the Amendments in this Supplemental Resolution.

Section 203. Issue Date

The Series 2005A Bonds shall be dated the date of original delivery.

Section 204. Series 2005A Bonds

(a) The Series 2005A Bonds shall bear interest at the rates and mature on the dates and in the principal amounts in each year as shown below:

April 1 of the Year	Amount Maturing	Interest Rate	Yield

The $______________ aggregate principal amount of Series 2005A Bonds maturing on April 1 in the years _____ through _____, inclusive, are hereby designated "2005A Serial

Bonds." The $_________ aggregate principal amount of the Series 2005A Bonds maturing on April 1 in the year _______ are hereby designated the "2005A Term Bonds." The 2005A Serial Bonds and 2005A Term Bonds are collectively referred to herein as the "Series 2005A Bonds."

(b) The Series 2005A Bonds shall bear interest from the date of original delivery, payable on April 1, 2005, and semiannually thereafter on each April 1 and October 1.

Section 205. Sale of Series 2005A Bonds

The Series 2005A Bonds authorized to be issued herein are hereby sold to the Underwriter at an aggregate purchase price equal to the par amount of the Series 2005A Bonds, plus [net] original issuance premium of $___________, on the terms and conditions set forth in the Bond Purchase Agreement. Under the Bond Purchase Agreement, the Underwriter is paid a fee of $_____________ for purchasing the Series 2005A Bonds. To evidence the acceptance of the Bond Purchase Agreement, the Bursar is hereby authorized to execute and deliver, **[**and the Secretary to attest**]**, the Bond Purchase Agreement in the form presented at this meeting.

The final Official Statement of the University for the sale of the Series 2005A Bonds, in substantially the form presented at this meeting, with such changes, omissions, insertions and revisions as the Bursar shall approve, is hereby authorized, and the Bursar shall sign such final Official Statement and deliver such final Official Statement to the Underwriter for distribution to prospective purchasers of the Series 2005A Bonds and other interested persons, which signature shall evidence such approval. The use of the Preliminary Official Statement dated____________, 2005, by the Underwriter and the actions of the University, including the certification by the Bursar as to the "deemed finality" of the Preliminary Official Statement pursuant to SEC Rule 15c2-12 in connection with the offering of the Series 2005A Bonds, are hereby acknowledged, approved and ratified.

In order to comply with subsection (b)(5) of SEC Rule 15c2-12, the Underwriter has provided in the Bond Purchase Agreement that it is a condition to delivery of the Series 2005A Bonds that the University and the Trustee shall have executed and delivered an information reporting agreement. The Information Reporting Agreement entered into between the Trustee and University effective February 5, 1997, is hereby ratified and approved in all respects with respect to the issuance of the Series 2005A Bonds, and the President, Vice President, Vice President for Finance and Administration, or the Bursar are hereby authorized to execute and deliver an undertaking to the Information Reporting Agreement with respect to the Series 2005A Bonds.

The Bursar of the University and the President, Vice President, Vice President for Finance and Administration, and Secretary of the Regents are, and each of them is, hereby authorized to do or perform all such acts as may be necessary or advisable to comply with the Bond Purchase Agreement and to carry the same into effect.

Section 206. Delivery of Series 2005A Bonds

The Series 2005A Bonds shall be delivered to the Underwriter upon compliance with the provisions of Section 3.2 of the Resolution, at such time and place as provided in, and subject to, the provisions of the Bond Purchase Agreement.

Section 207. Redemption of Series 2005A Bonds Prior to Maturity

(a) Optional Redemption. Series 2005A Bonds maturing on or before April 1, 20__ shall not be subject to call or redemption prior to their stated dates of maturity. On any Payment Date on or after April 1, 20__, at the election of the University, the Series 2005A Bonds maturing on or after April 1, 20___ and not called in accordance with mandatory redemption provisions, shall be subject to redemption, in whole or in part, in maturities selected by the University and within each maturity as selected by lot by the Trustee, upon notice as hereinafter provided, at par, plus accrued interest to the redemption date.

Portions of the principal amount of any Series 2005A Bond, in installments of $5,000 or any integral multiple of $5,000, may also be redeemed. If less than all of the principal amount of any Series 2005A Bond is redeemed, upon surrender of such Bond at the principal corporate trust office of the Trustee there shall be issued to the Registered Owners, without charge therefor, for the then unredeemed balance of the principal amount thereof, a new Series 2005A Bond or Series 2005A Bonds, at the option of the Registered Owners, with like maturity and interest rate in any of the denominations authorized by this Supplemental Resolution.

(b) Mandatory Redemption. The 2005A Term Bonds maturing on April 1, 20___, shall be subject to mandatory redemption and retirement prior to maturity, in part, by lot in such manner as the Trustee shall determine, on April 1 in the years 20___ through 20___, inclusive, at 100% of the principal amount thereof plus accrued interest to the date of redemption, from Mandatory Redemption Amounts (which are hereby established) in the amounts set forth below:

Mandatory Redemption Date April 1	Mandatory Redemption Amount

* Maturity

05011.0125.786572.4

Section 208. Form of Series 2005A Bond. The form of the Series 2005A Bonds is attached to this Supplemental Resolution as Exhibit A and is incorporated herein by this reference.

Section 209. Book-Entry Only System

(a) The Series 2005A Bonds shall initially be registered on the Bond Register in the name of Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Series 2005A Bonds, except in the event the Trustee issues Replacement Bonds as provided below. It is anticipated that during the term of the Series 2005A Bonds, the Securities Depository will make book-entry transfers among the DTC Participants and receive and transmit payments of principal of and interest on the Series 2005A Bonds until and unless the Trustee authenticates and delivers Replacement Bonds to the Beneficial Owners as described below. So long as any of the Series 2005A Bonds are registered in the name of Cede & Co., as nominee of the DTC, all payments with respect to principal of, premium, if any, and interest on the Series 2005A Bonds and all notices with respect to the Series 2005A Bonds shall be made and given in the manner provided in the Representations Letter.

(b) If the Securities Depository determines to discontinue providing its services with respect to the Series 2005A Bonds and the University cannot obtain a qualified successor Securities Depository, or if the University determines not to use the book-entry system of the Securities Depository, the University shall execute and the Trustee shall authenticate and deliver one or more Series 2005A Bond certificates (the “Replacement Bonds”) to the DTC Participants in principal amounts and maturities corresponding to the identifiable Beneficial Owners’ interests in the Series 2005A Bonds, with such adjustments as the Trustee may find necessary or appropriate as to accrued interest and previous calls for redemption, if any. In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Series 2005A Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such Replacement Bonds.

(c) With respect to Series 2005A Bonds registered in the name of Cede & Co. as nominee for the Securities Depository, neither the University nor the Trustee shall have any responsibility to any Beneficial Owner with respect to:

(i) the sending of transaction statements, or maintenance, supervision, or review of records of the Securities Depository;

(ii) the accuracy of the records of the Securities Depository or Cede & Co. with respect to any ownership interest in the Series 2005A Bonds;

(iii) the payment to any Beneficial Owner, or any person other than the Securities Depository, of any amount with respect to principal of, interest on, or redemption premium, if any, on the Series 2005A Bonds; or

(iv) any consent given or other action taken by the Securities Depository or Cede & Co. as owner of the Series 2005A Bonds.

(d) The University has executed and delivered to DTC the Representations Letter with respect to Bonds issued under the Resolution. Such Representations Letter is for the purpose of effectuating the initial Book-Entry System for the Series 2005A Bonds through DTC as Securities Depository and shall not be deemed to amend, supersede or supplement the terms of this Bond Resolution which are intended to be complete without reference to the Representations Letter. In the event of any conflict between the terms of the Representations Letter and the terms of this Supplemental Resolution, the terms of this Supplemental Resolution shall control. The Securities Depository may exercise the rights of a Registered Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

Section 210. Successor Securities Depository

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable state or federal statute or regulation, the Trustee, with the written consent of the University, may appoint a successor Securities Depository, provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable state or federal statute or regulation. Upon the appointment of a successor Securities Depository, the Trustee shall cause the authentication and delivery of Series 2005A Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

Section 211. Submittal to Attorney General

There shall promptly be submitted to the Attorney General of the State of Idaho by the Secretary of the Regents a certified copy of this Supplemental Resolution, together with the proceedings had in its adoption, in order that the Attorney General may examine into and pass upon the validity of the Series 2005A Bonds and the regularity of such proceedings, in the manner and with the effect specified in chapter 38 of Title 33, Idaho Code, as amended.

Section 212. Consent to Amendments

As the initial purchaser of the Series 2005A Bonds, the Underwriter shall be deemed to have consented to the Amendments pursuant to Section 10.1A of the Resolution and shall execute a consent document in the form of Exhibit B hereto at the delivery of the Series 2005A Bonds.

Section 213. Bond Insurance, Payment Provisions

Payment of principal and interest on the Series 2005A Bonds is guaranteed by the 2005A Insurer in accordance with the terms of the 2005A Policy. The 2005A Insurer's obligations are set forth in the 2005A Policy. The 2005A Policy is on file with the Trustee and may be obtained from the Trustee or the 2005A Insurer. So long as the Series 2005A Bonds shall be insured by the 2005A Policy and so long as the 2005A Insurer shall not be in payment default under the 2005A Policy, the following provisions, and other provisions herein referring to the 2005A Insurer, shall be in effect, and shall take precedence over any provision of the Resolution to the contrary.

[additional provisions to come]

Section 214. Covenants with Bond Insurer; Other Provisions

[to come]

ARTICLE III

CREATION OF ACCOUNTS
APPLICATION OF SERIES 2005A BOND PROCEEDS

Section 301. Creation of Accounts

In connection with the issuance of the Series 2005A Bonds, the University hereby establishes the following funds and accounts in the Construction Fund:

(a) the Bond Proceeds Account; and

(b) the Series 2005A Costs of Issuance Account.

Section 302. Application of Proceeds of Series 2005A Bonds

Proceeds of the sale of the Series 2005A Bonds shall be deposited into the Bond Proceeds Account. The Trustee shall apply the funds in the Bond Proceeds Account as follows:

(a) The Refunding Proceeds, in the amount as specified in a Written Certificate of the University, shall be transferred to the Escrow Agent for investment as contemplated by the Escrow Agreement (as hereinafter approved) and in accordance with the provisions of Section 57-504, Idaho Code (except for any amount to be retained as cash), and the obligations in which such proceeds are so invested and any remaining cash shall be deposited in trust by the Escrow Agent as required by the Escrow Agreement;

(b) The amount necessary to pay the Series 2005A Costs of Issuance, in the amount as specified in a Written Certificate of the University, shall be transferred to the Series 2005A Costs of Issuance Account to be held by the Escrow Agent. The Escrow Agent shall be directed in the Written Certificate to transfer any balance remaining in the Series 2005A Costs of Issuance Account, after payment of the Series 2005A Costs of Issuance, to the Trustee for deposit in the Bond Fund for the Series 2005A Bonds, no later than___________, 2005; and

(c) The amount of moneys and/or investments, in the form of cash or a Reserve Account Credit Enhancement, necessary to satisfy the Reserve Account Requirement, as specifically identified in a Written Certificate of the University, shall be deposited into the Debt Service Reserve Account in the Bond Fund.

ARTICLE IV

PLAN OF REFUNDING

Section 401. Defeasance of Refunded Bonds

In accordance with the provisions of the Resolution, it is hereby found and determined that pursuant to the Escrow Agreement, moneys and Investment Securities permitted under the Act and under the Resolution, the principal and interest on which, when due, will provide moneys which shall be sufficient to pay, when due, the principal or redemption price or prepayment amount, if applicable, as provided therein, and interest due and to become due on the Refunded Bonds on and prior to the applicable redemption or prepayment dates or maturity thereof will have been deposited with the Escrow Agent, and that upon compliance with the provisions of the Resolution, as provided for in the Escrow Agreement, all Refunded Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the Resolution. After all the Refunded Bonds shall have become due and payable upon maturity or pursuant to call for redemption, any investments remaining in the Escrow Account shall be liquidated and any proceeds of liquidation over and above the amount necessary to be retained for the payment of Refunded Bonds not yet presented for payment, including interest due and payable, shall be paid over to the University for deposit into the Bond Fund.

Section 402. Redemption of Refunded Bonds

The Refunded Bonds are hereby irrevocably called for redemption pursuant to the Escrow Agreement, and notice of redemption shall be given as provided in the Escrow Agreement. All actions of the University in issuing such calls for redemption and authorizing the trustees of the Refunded Bonds to give such notices of redemption are hereby ratified and confirmed in all respects.

Section 403. Approval of Escrow Agreement; Deposits Into Escrow Account

(a) The Escrow Agreement, in substantially the form presented at this meeting, with such changes, omissions, insertions and revisions as the Bursar shall approve, is hereby authorized, and the Bursar shall sign such Escrow Agreement, which signature shall evidence such approval. The Bursar is hereby authorized to do or perform all such acts as may be necessary or advisable to comply with the Escrow Agreement and to carry the same into effect.

(b) The Refunding Proceeds of the sale of the Series 2005A Bonds specified in Section 302(a) hereof, together with (i**)** the amount of moneys or investments in the Debt Service Reserve Fund and Debt Service Account under the Resolution and the Debt Service Reserve Funds and Debt Service Accounts under the resolutions authorizing the Activity Center Bonds and Recreation Center Bonds, if any**;** or (ii) other available funds of the University as shall be specified in a Written Certificate to be filed with the Escrow Agent at the time of the delivery of the Series 2005A Bonds, shall be invested or reinvested as contemplated in the Act (except for any amount to be retained as cash) and the obligations in which such moneys are so invested and any remaining cash shall be deposited into the Escrow Account created under the Escrow Agreement in trust with the Escrow Agent, all as specified in such Written Certificate. The Investment Securities in which such moneys are so invested shall comply in all respects with the provisions of Section 57-504, Idaho Code.

Section 404. Duties of Trustee Upon Defeasance of Refunded Bonds

Upon establishment of the Escrow Account, the money, securities and funds pledged under the Resolution, and all covenants, agreements and obligations of the University to the holders of the Refunded Bonds shall thereupon cease, terminate and thereupon become void and be discharged and satisfied, and thereupon the trustees of the Refunded Bonds shall execute and deliver to the University a certificate evidencing such discharge.

ARTICLE V

AMENDMENTS TO RESOLUTION

The University hereby adopts the Amendments to the Resolution as further described in this Article V. The Amendments described in Sections 501, 502, 503, 504 and 509D hereof shall take effect upon issuance of the Series 2005A Bonds. The Amendment described in Section 505 shall take effect for this Supplemental Resolution, all future Supplemental Resolutions authorizing a series of Bonds and when the proceeds of all Pre-2005A Bonds shall have been expended. The Amendments described in Sections 506, 507, 508, 509A, 509B, 509C, and 509E shall take effect on the earlier to occur of (i) the date the Pre-2005A Bonds are no longer Outstanding; or (ii) the date upon which the Pre-2005A Bond Insurers and the requisite percentage of the Owners of the Pre-2005A Bonds shall have consented to the Amendments pursuant to Article 10.1 of the Resolution.

Section 501. Amendments to Article I.

(a) The following definitions under Section 1.1 of Article I of the Resolution are hereby amended to read as follows:

Additional Bonds shall mean any bonds which the University may issue pursuant to Article VII of this Resolution secured by all or a portion of the Pledged Revenues, as may be amended from time to time.

Bond Resolution or Resolution shall mean the Bond Resolution adopted by the Regents on November 22, 1991, providing for the issuance of General Revenue Bonds, as from time to time amended and supplemented by Supplemental Resolutions.

Business Day shall mean a day, other than Saturday or Sunday, on which banks located in the state of Idaho, or in the city where the principal corporate trust office of the Trustee is located, are open for the purpose of conducting commercial banking business.

Pledged Revenues shall include:

A. So long as any Recreation Center Bonds and Activity Center Bonds are outstanding, Pledged Revenues shall include: (i) all Student Fees, except that the pledge of the Recreation Center Fees and Activity Center Complex Fees shall be junior and subordinate to the pledge of such fees under the Recreation Center Resolution and Activity Center Resolution, respectively**;** (ii) all Sales and Services Revenues, except that the pledge of certain of these revenues shall be junior and subordinate to the pledge of such revenues under the Activity Center Resolution; (iii) the F&A Recovery Revenues; (iv) Other Operating Revenues; (v) Investment Income under the Resolution, except that the pledge of a portion of Investment Income shall be junior and subordinate to the pledge of such income under the Recreation Center Resolution and Activity Center Resolution; (vi) proceeds from the sale of a Series of Bonds and moneys and investment earnings thereon, except as otherwise provided in this Bond Resolution or a Supplemental Resolution; and (vii) such other revenues as the Regents shall designate as Pledged Revenues.

B. When the Activity Center Bonds are no longer outstanding, Pledged Revenues shall include: (i) Student Fees, except that the pledge of the Recreation Center Fees shall be junior and subordinate to the pledge of such fees under the Recreation Center Resolution**;** (ii) Sales and Services Revenues; (iii) the F&A Recovery Revenues; (iv) Other Operating Revenues; (v) Investment Income, except that the pledge of a portion of

Investment Income shall be junior and subordinate to the pledge of such income under the Recreation Center Resolution; (vi) proceeds from the sale of a Series of Bonds and moneys and investment earnings thereon, except as otherwise provided in this Bond Resolution or a Supplemental Resolution; and (vii) such other revenues as the Regents shall designate as Pledged Revenues.

C. When the Recreation Center Bonds are no longer outstanding, Pledged Revenues shall include: (i) Student Fees, except that the pledge of the Activity Center Complex Fees shall be junior and subordinate to the pledge of such fees under the Activity Center Resolution**;** (ii) Sales and Services Revenues; (iii) the F&A Recovery Revenues; (iv) Other Operating Revenues; (v) Investment Income, except that the pledge of a portion of Investment Income shall be junior and subordinate to the pledge of such income under the Activity Center Resolution; (vi) proceeds from the sale of a Series of Bonds and moneys and investment earnings thereon, except as otherwise provided in this Bond Resolution or a Supplemental Resolution; and (vii) such other revenues as the Regents shall designate as Pledged Revenues.

D. When neither the Recreation Center Bonds nor the Activity Center Bonds shall be outstanding, Pledged Revenues shall include: (i) Student Fees; (ii) Sales and Services Revenues; (iii) the F&A Recovery Revenues; (iv) Other Operating Revenues; (v) Investment Income; (vi) proceeds from the sale of a Series of Bonds and moneys and investment earnings thereon, except as otherwise provided in this Bond Resolution or a Supplemental Resolution; and (vii) such other revenues as the Regents shall designate as Pledged Revenues.

Notwithstanding the definitions set forth above and, in particular, notwithstanding clause (vii) of paragraphs A, B, C and D above, in no event shall Pledged Revenues include (i) General Account Appropriated Funds or (ii) Restricted Fund Revenues.

Student Building Fee means the Student Building Fee designated and set from time to time by the Regents, imposed upon each full-time and part-time on-campus student in attendance at the University.

(b) The definition of “Operation and Maintenance Expenses” is hereby deleted and references to such term elsewhere in the Resolution are also deleted.

(c) The following definitions are hereby added to Section 1.1 of the Resolution:

Activity Center Bonds mean the bonds issued by the Regents under the Activity Center Resolution described as follows: (a) $9,285,000 Student Fee Refunding Revenue Bonds, Series 1996 dated March 15, 1996; (b) $14,100,000 Student Fee Revenue Bonds (University Commons Project), Series 1997 dated February 1, 1997; (c) $5,620,000 Student Fee Revenue Bonds (University Commons Supplemental Project), Series 1997 dated December 1, 1997; and (d) $6,020,000 Student Fee Revenue Bonds, Series 1999D (Kibbie and Enrollment Services Centers Improvement Projects) dated December 1, 1999.

Activity Center Complex Fee means the activity center complex fee imposed upon full and part time students attending the University.

Activity Center Resolution means the bond resolution adopted by the Regents on March 15, 1996, providing for the issuance of the Activity Center Bonds, and as from time to time supplemented by supplemental resolutions.

Activity Fees shall include such fees designated and set from time to time by the Regents or the University, imposed upon each full-time and part-time on-campus student in attendance at the University for a activities at the University. Currently such fees include: ASUI general, alumni association fee, campus card, cheerleader program, college dedicated fee, Commons/Union operations, fine arts, intercollegiate athletics, intramural/locker/recreational services, Kibbie Center operations (stadium), marching band, minority student program, sales tax, student advisory services, student recreation center operations, student benefits, health and wellness, and student health services.

Auxiliary Enterprises shall mean all facilities of the University generating Sales and Services Revenues, including the Housing System, Parking System, Non-Residential Food Service System, Bookstore, and recreational and event facilities.

Bond System means the single revenue bond system created under the Resolution under which the Series 2005A Bonds shall be issued and Additional Bonds may be issued.

Bookstore means the University's bookstore facilities located on the Moscow campus, in which books, supplies and merchandise are sold.

Educational Activities Revenues include revenues generated incidentally to the conduct of instruction, research and public service activities, such as unrestricted revenues generated by the University's testing and training services, labs, sales of scientific materials, sales of miscellaneous services and products, and agriculture and forest products.

Facility Fees shall include such fees designated and set from time to time by the Regents or the University, imposed upon each full-time and part-time on-campus student in attendance at the University for facilities at the University. Currently such fees consist of the Student Building Fee, the Residential Campus Development Fee, the Recreation Center Fee, and the Activity Center Complex Fee.

General Account Appropriated Funds shall mean general account appropriated funds of the State of Idaho which in accordance with governmental accounting standards and the University's audited financial statements are treated as non-operating revenues and accordingly such revenues are not included in the definition of Other Operating Revenues for purposes of generating Pledged Revenues under the Resolution, and in any event are excluded from Pledged Revenues.

Investment Income shall include investment earnings on all unrestricted University funds and accounts.

Non-Residential Food Service System means the University's system of providing food services for the University's students, faculty, staff, employees and invited guests at all University facilities on the Moscow campus, excluding board charges for food service in the University's Residence Hall System.

Other Fees/Tuition shall consist of the graduate/professional fee, law college dedicated fee, architecture school dedicated fee, non-resident tuition, in service teacher education fee, and the western undergraduate education fee, and such other fees as the University shall hereafter establish.

Other Operating Revenues shall mean revenues received by the University generated from miscellaneous sources, i.e., fines and rent/lease revenues.

Pre-2005A Bonds shall mean all bonds issued under the Resolution and Supplemental Resolutions thereto prior to the issuance of the Series 2005A Bonds.

Recreation Center Bonds means the bonds issued by the Regents under the Recreation Center Resolution described as follows: $20,115,000 Student Fee Revenue Bonds (Recreation Center Project), Series 1999 dated February 15, 1999.

Recreation Center Fee means the recreation facility fee imposed upon full and part time students attending the University as assessed by the Regents.

Recreation Center Resolution means the bond resolution adopted by the Regents on January 25, 1999, providing for the issuance of the Recreation Center Bonds.

Restricted Fund Revenues shall mean all revenues that the University is obligated to spend in accordance with restrictions imposed by external third parties, such as revenues from grants, contracts, gifts and scholarships.

Sales and Services Revenues shall include all revenues generated through operations of the Auxiliary Enterprises and the Educational Activities Revenues.

Student Fees shall consist of the Matriculation Fee, the Activity Fees, the Facility Fees and the Other Fees/Tuition.

Technology Fee shall include the Student Computing and Network Access Fee to support the University's technological operations, as assessed against full-time and part-time students at the University and as said fees now exist and may hereafter be revised by the Regents or the University.

Section 502. Amendments to Article II.

Section 2.1 of Article II is hereby amended to read in its entirety as follows:

Section 2.1 Authorization of Bonds

Bonds designated as "General Revenue Bonds" are hereby authorized to be issued by the University under the Resolution. The maximum principal amount of the Bonds which may be issued hereunder is not limited hereby; provided, however, that the

University hereby reserves the right to limit or restrict the aggregate principal amount of the Bonds which may at any time be issued or Outstanding hereunder. Bonds may be issued in such Series as from time to time shall be established and authorized by the University subject to the provisions of the Resolution. The Bonds may be issued in one or more Series pursuant to one or more Supplemental Resolutions. The designation of the Bonds shall include, in addition to the name "General Revenue Bonds," such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the University may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs. Each Bond shall recite in substance that it is payable from and secured by the Pledged Revenues of the University pledged for the payment thereof.

Section 503. Amendment to Article VI.

The following paragraph is hereby added as the last paragraph to Section 6.1 of Article VI:

The Trustee may make any and all investments permitted by the provisions of this Section 6.1 through its own investment department or that of its affiliates. The University acknowledges that to the extent regulations of the Comptroller of the Currency or any other regulatory entity grant the University the right to receive brokerage confirmations of the security transactions as they occur, the University specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the University periodic cash transaction statements that include the detail for all investment transactions made by the Trustee hereunder.

Section 504. Amendment to Article VIII.

Subparagraph (iii) of Section 8.6A is hereby amended to read as follows:

D. Successor Trustee; Qualifications. Notwithstanding anything else in this section to the contrary, any successor Trustee appointed pursuant to the provisions of this section shall (i) be a bank or trust company or national banking association, duly authorized to exercise trust powers, and (ii) have a reported capital and surplus of not less than $75,000,000.

Section 505. Deletion of Bond Proceeds as Pledged Revenues.

Subsection (vi) of the definition of Pledged Revenues under Article I is hereby deleted.

Section 506. Amendments to Article I.

(a) The following definitions under Section 1.1 of the Resolution are amended to read as follows:

> Debt Service for any period shall mean, as of any date of calculation, an amount equal to the Principal Installment and interest accruing during such period on the Bonds, plus any Payment due under a Parity Payment Agreement. Such Debt Service on the Bonds shall be calculated on the assumption that no portion of the Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of the Principal Installment on the Bonds on the due date thereof. For any Series of Variable Rate Bonds bearing interest at a variable rate which cannot be ascertained for any particular Fiscal Year, it shall be assumed that such Series of Variable Rate Bonds will bear interest at a fixed rate equal to the higher of (i) the average of the variable rates applicable to such Series of Variable Rate Bonds during any twenty-four month period ending within thirty (30) days prior to the date of computation, or (ii) 110% of the Bond Buyer 25 Revenue Bond Index most recently published prior to the computation date but bearing interest at a fixed rate. There shall be excluded from "Debt Service" (i) interest on Bonds (whether Cross-over Refunding Bonds or Cross-over Refunded Bonds) to the extent that Escrowed Interest is available to pay such interest, and (ii) principal on Cross-over Refunded Bonds to the extent that the proceeds of Cross-over Refunding Bonds are on deposit in an irrevocable escrow in satisfaction of the requirements of Section 57-504, Idaho Code, and such proceeds or the earnings thereon are required to be applied to pay such principal (subject to the possible use to pay the principal of the Cross-over Refunding Bonds under certain circumstances) and such amounts so required to be applied are sufficient to pay such principal.

(b) Investment Securities shall mean and include any securities authorized to be acquired by the Treasurer of the State of Idaho pursuant to Section 67-1210 and 67-1210A, Idaho Code, or any successor Code section specifying legal investments.

Section 507. Further Amendments to Article I.

The definitions of "Reserve Account Credit Enhancement" and "Reserve Account Requirement" are hereby deleted. References to such terms elsewhere in the Resolution are also deleted.

Section 508. Amendments to Article V.

(a) Section 5.3C is amended by deleting the paragraph "Second" thereof.

(b) Section 5.5 is hereby deleted.

Section 509. Amendments to Article VII.

(a) Subsection 9 of Section 7.1 is hereby deleted.

(b) Subsection 4 of Section 7.2 is hereby deleted.

(c) Subsection 5 of Section 7.2 of Article VII is renumbered to subsection "4" and is amended to read as follows:

> 4. A Written Certificate of the University showing that Pledged Revenues shall be sufficient to pay the Debt Service on all Bonds then Outstanding and the Additional Bonds proposed to be issued for (1) each of the Fiscal Years of the University during which any of the Bonds or Additional Bonds will be Outstanding following the estimated completion date of the Project being financed by the Additional Bonds, if interest during construction of the Project being financed by the Additional Bonds is capitalized, or (2) the University's current Fiscal Year and any succeeding Fiscal Year during which any of the Bonds or Additional Bonds will be Outstanding, if interest during construction of the Project being financed by the Additional Bonds is not capitalized.

(d) The following Section 7.5 of Article VII is hereby amended to read as follows:

> Section 7.5 <u>Refunding of Other Obligations</u>
>
> The University may also issue Additional Bonds for the purpose of refunding any other obligations of the University, provided that the University shall file with the Trustee the following documents:
>
> (i) A copy of the Supplemental Resolution that shall authorize the issuance of the Additional Bonds and that shall provide that any revenues securing such obligations to be refunded

shall become part of the Pledged Revenues securing the Bonds issued under the Resolution.

(ii) A Written Certificate of the University to the effect that, upon the delivery of the Additional Bonds, the University will not be in default in the performance of any of the covenants, conditions, agreements, terms, or provisions of the Resolution.

(iii) The certificates required under Section 7.2 .

(e) There is hereby added to Article VII a new Section 7.7 to read as follows:

Section 7.7 Payment Agreements.

For purposes of this Section 7.7, the following words shall have the following definitions:

(a) "Payment" means any payment required to be made by or on behalf of the University under a Payment Agreement and which is determined according to a formula set forth in the Payment Agreement.

(b) "Parity Payment Agreement" means a Payment Agreement under which the University's payment obligations are expressly stated to be secured by a pledge of and lien on Pledged Revenues on an equal and ratable basis with the Pledged Revenues required to be paid into the Bond Fund to pay and secure the payment of the principal of and interest on Outstanding Bonds.

(c) "Payment Agreement" means a written agreement, for the purpose of managing or reducing the University's exposure to fluctuations or levels of interest rates, currencies or commodities or for other interest rate, investment, asset or liability management purposes, entered into on either a current or forward basis by the University and a Qualified Counterparty, all as authorized by any applicable laws of the State. Such agreement may or may not be characterized by a structure of reciprocity of payment.

(d) "Payment Agreement Payment Date" means any date specified in the Payment Agreement on which a Payment or Receipt is due and payable under the Payment Agreement.

(e) "Receipt" means any payment (designated as such by a resolution) to be made to, or for the benefit of, the University under a Payment Agreement by the Payor.

(f) "Payor" means a Qualified Counterparty to a Payment Agreement that is obligated to make one or more payments thereunder.

(g) "Qualified Counterparty" means a party (other than the University or a party related to the University) who is the other party to a Payment Agreement that has or whose obligations are unconditionally guaranteed by a party whose long term debt is rated "A" or higher by Moody's Investors Service and Standard & Poor's Corporation and who is otherwise qualified to act as the other party to a Payment Agreement under any applicable laws of the State of Idaho.

A Payment Agreement Payment made under a Payment Agreement may be on a parity of lien with the payment of the Bonds if the Payment Agreement satisfies the requirements for Additional Bonds described in Section 7.1 and Section 7.2 hereof, taking into consideration regularly scheduled Payment Agreement Payments and Receipts (if any) under the Payment Agreement. The following shall be conditions precedent to the use of any Payment Agreement on a parity with the Bonds:

(i) The University shall obtain an opinion of Bond Counsel on the due authorization and execution of such Payment Agreement, the validity and enforceability thereof and opining that the action proposed to be taken is authorized or permitted by this Resolution or the applicable provisions of any Supplemental Resolution and will not adversely affect the excludability for federal income tax purposes of the interest on any Outstanding Bonds.

(ii) Prior to entering into a Payment Agreement, the University shall adopt a resolution which shall:

A. set forth the manner in which the Payments and Receipts are to be calculated and a schedule of Payment Agreement Payment Dates;

B. establish general provisions for the rights of the parties to Payment Agreements; and

C. set forth such other matters as the University deems necessary or desirable in connection with the management of Payment Agreements as are not clearly inconsistent with the provisions of this Resolution.

The Payment Agreement may oblige the University to pay, on one or more scheduled and specified Payment Agreement Payment Dates, the Payments in exchange for the Payor's obligation to pay or to cause to be paid to the University, on scheduled and specified Payment Agreement Payment Dates, the Receipts. The University may also enter into Payment Agreements that are not reciprocated by the other party to the agreement.

If the University enters into a Parity Payment Agreement, Payments shall be made from the Debt Service Account and Annual Debt Service shall include any regularly scheduled University Payments adjusted by any regularly scheduled Receipts during a Fiscal Year. Receipts shall be paid directly into the Debt Service Account. Obligations to make unscheduled payments, such a termination payments, may not be entered into on a parity with the Bonds. To the extent that a Parity Payment Agreement has been designated as a hedge of the interest rate features of either Fixed Rate Bonds or Bonds bearing variable rates of interest, Annual Debt Service during the term of such Parity Payment Agreement shall be modified to reflect such Parity Payment Agreement.

Nothing in this section shall preclude the University from entering into Payment Agreements with a claim on Pledged Revenues junior to that of the Bonds. Furthermore, nothing in this section shall preclude the University from entering into obligations on a parity with the Bonds in connection with the use of Payment Agreements or similar instruments if the University obtains an opinion of Bond Counsel that the obligations of the University thereunder are consistent with this Resolution.

Section 510. Amendments to Article IX.

(a) Sections 9.2, 9.4, 9.5, 9.6, 9.8, 9.9, 9.10C and 9.11 of the Resolution are hereby deleted and the remaining sections of Article IX shall be renumbered sequentially beginning with Section 9.1.

(b) Section 9.3 is hereby renumbered Section 9.2 and amended to read as follows:

Section 9.2 <u>Covenant Regarding Pledged Revenues for Debt Service</u>

The University shall establish and maintain Pledged Revenues sufficient, together with other revenues available or to be available in the Debt Service Account, to pay Debt Service on Bonds Outstanding for each Fiscal Year.

(c) Sections 9.15, 9.16, 9.17, 9.18 and 9.19 are hereby deleted.

(d) A new section numbered 9.20 is hereby added to read as follows, which section shall be renumbered as Section 9.8 upon the effectiveness of Sections 510A, 510B, and 510C:

Section 9.20 Covenant Regarding Issuance of Bonds

The University covenants that it will not issue additional bonds under the Activity Center Resolution or Recreation Center Resolution.

(e) A new Section 9.21 is hereby added to read as follows, which section shall be renumbered as Section 9.9 upon the effectiveness of Sections 510A, 510B, 510C, and 510D.

Section 9.21 Tax Covenant

The University hereby covenants and represents for the benefit of the Owners of tax-exempt Bonds ("Tax-Exempt Bonds") that it will not take any action or omit to take any action with respect to Tax-Exempt Bonds, the proceeds thereof, any other funds of the University, or any Project if such action or omission (i) would cause the interest on the Tax-Exempt Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103(a) of the Code, (ii) would cause interest on the Tax-Exempt Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the Tax-Exempt Bonds to lose its exclusion from State taxable income under present State law. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Tax-Exempt Bonds until the date on which all obligations of the University in fulfilling the above covenant under the Code have been met.

The University agrees to comply with all of its covenants set forth in any tax certificate with respect to any series of Tax-Exempt Bonds.

Section 511. Other Amendments

To the extent that this Supplemental Resolution otherwise amends or supplements the Resolution, the Resolution shall be treated as so amended or supplemented, and the University is hereby authorized to incorporate any of the provisions of this Supplemental Resolution, including without limitation, provisions relating to the 2005A Insurer, into the Resolution in the form of an amendment and restatement of the Resolution.

ARTICLE VI

MISCELLANEOUS

Section 601. Governing Law

By the acceptance of the Series 2005A Bonds, the Series 2005A Bondholders shall be deemed to agree that the rights of the Series 2005A Bondholders shall be governed by the laws of the State of Idaho.

Section 602. Partial Invalidity

If any one or more of the covenants or agreements, or portions thereof, provided in this Supplemental Resolution on the part of the University (or of the Trustee or of any Paying Agent) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Supplemental Resolution or of the Series 2005A Bonds; but the Series 2005A Bondholders shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law.

Section 603. Savings Clause

Except as amended by this Supplemental Resolution, the Resolution shall remain in full force and effect.

Section 604. Conflicting Resolutions; Effective Date

All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

[The next page is the signature page.]

ADOPTED AND APPROVED this ______ day of January, 2005.

THE REGENTS OF THE UNIVERSITY OF IDAHO

____
President

____
Bursar

ATTEST:

[SEAL]

____
Secretary

EXHIBIT A

FORM OF SERIES 2005A BOND

[Face of Bond]

R-__________ $_______________

UNITED STATES OF AMERICA
STATE OF IDAHO

THE REGENTS OF THE UNIVERSITY OF IDAHO

GENERAL REVENUE REFUNDING BOND, SERIES 2005A

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP:

914318___

Registered Owner: CEDE & CO.

Principal Amount: DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the Regents of the University of Idaho, a body politic and corporate and an institution of higher education of the State of Idaho (the "Regents"), for value received, hereby promises to pay, from the Bond Fund hereinafter defined, to the registered owner identified above, or registered assigns, on the maturity date specified above, the principal sum indicated above, and to pay interest thereon from the Bond Fund from ______________, 2005, or the most recent date to which interest has been paid or duly provided for, at the rate per annum specified above, payable on ___________, 2005, and semiannually on each April first and October first thereafter, until the date of maturity or prior redemption of this Bond. Interest shall be calculated on the basis of a 360-day year and twelve 30-day months.

Both principal of and interest on this Bond are payable in lawful money of the United States of America to the registered owner hereof whose name and address shall appear on the registration books (the "Bond Register") of the University of Idaho (the "University") maintained by the principal corporate trust office of Wells Fargo Bank, N.A. (the "Trustee"), in Boise, Idaho. Interest shall be paid to the registered owner whose name appears on the Bond Register on the fifteenth day of the calendar month next preceding the interest payment date, at the address appearing on the Bond Register, and shall be paid by check or draft of the Trustee mailed to such registered owner on the due date at the address appearing on the Bond Register, or at such other address as may be furnished in writing by such registered owner to the Trustee. Principal shall be paid to the registered owner upon presentation and surrender of this Bond at the principal corporate trust office of the Trustee, on or after the date of maturity or prior redemption.

This Bond is a special obligation of the University payable solely in accordance with the terms hereof, and is not an obligation general, special, or otherwise of the State of Idaho, does not constitute a debt, legal, moral, or otherwise, of the State of Idaho, and is not enforceable against the State of Idaho, nor shall payment hereof be enforceable out of any funds of the University other than the revenues, fees, and charges pledged thereto in the Bond Resolution (hereinafter defined).

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by the Trustee.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions, and things required by the Constitution and statutes of the State of Idaho to exist, to have happened, been done, and performed precedent to and in the issuance of this Bond have happened, been done, and performed, and that the issuance of this Bond and the Bonds of this issue does not violate any Constitutional, statutory, or other limitation upon the amount of bonded indebtedness that the University may incur.

This Bond is one of a duly authorized issue of Bonds of like date, tenor, and effect, except for variations required to state numbers, denominations, rates of interest, and dates of maturity, aggregating $___________ in principal amount. The Bonds are issued pursuant to and in full compliance with the Constitution and statutes of the State of Idaho, particularly chapter 38 of Title 33, Idaho Code, and chapter 5, Title 57, Idaho Code, and proceedings duly adopted and authorized by the Regents on behalf of the University, more particularly the Resolution adopted by the Regents on November 22, 1991, as previously amended and supplemented, and as further amended and supplemented by a Supplemental Resolution adopted by the Regents on________________, 2005, authorizing the issuance of the Bonds (collectively, the "Bond Resolution").

This Bond is one of the series of General Revenue Refunding Bonds of the University issued under the provisions of chapter 38, Title 33, Idaho Code, and chapter 5, Title 57, Idaho Code, for the purpose of (i) refunding $18,850,000 of the University's outstanding bonds, and (ii) paying expenses properly incident thereto and to the issuance of the Bonds. The principal of, interest on, and redemption price of the Bonds is payable solely from certain revenues and funds of the University pledged therefor and consisting generally of revenue from certain student fees and enterprises as more particularly set forth in the Bond Resolution.

This Bond is an obligation of the University payable solely in accordance with the terms hereof, and is not an obligation general, special, or otherwise of the State of Idaho, does not constitute a debt, legal, moral, or otherwise, of the State of Idaho, and is not enforceable against the State, nor shall payment hereof be enforceable out of any funds of the University other than the revenues, fees, and charges pledged thereto in the Bond Resolution. Pursuant to the Bond Resolution, sufficient revenues have been pledged and will be set aside into the Bond Fund (as defined in the Bond Resolution) to provide for the prompt payment of the principal of and interest on, and redemption price of, the Bonds of which this Bond is a part. For a more particular description of the Bond Fund, the revenues to be deposited therein, and the nature and extent of the security afforded thereby, reference is made to the provisions of the Bond Resolution.

Series 2005A Bonds maturing on or before April 1, 20___, shall not be subject to call or redemption prior to their stated dates of maturity. On any Payment Date on or after April 1, 20___, at the election of the University, the Series 2005A Bonds maturing on or after April 1, 20___, and not called in accordance with mandatory redemption provisions, shall be subject to redemption, in whole or in part, in maturities selected by the University and within each maturity as selected by lot by the Trustee, upon notice as hereinafter provided, at par, plus accrued interest to the redemption date.

Portions of the principal amount of any Series 2005A Bond, in installments of $5,000 or any integral multiple of $5,000, may also be redeemed. If less than all of the principal amount of any Series 2005A Bond is redeemed, upon surrender of such Bond at the principal corporate trust office of the Trustee there shall be issued to the Registered Owners, without charge therefor, for the then unredeemed balance of the principal amount thereof, a new Series 2005A Bond or Series 2005A Bonds, at the option of the Registered Owners, with like maturity and interest rate in any of the denominations authorized by the Bond Resolution.

The 2003 Term Bonds maturing on April 1, 20___, shall be subject to mandatory redemption and retirement prior to maturity, in part, by lot in such manner as the Trustee shall determine, on April 1 in the years 20___ through 20___, inclusive, at 100% of the principal amount thereof plus accrued interest to the date of redemption, from Mandatory Redemption Amounts (which are hereby established) in the amounts set forth below:

Mandatory Redemption Date April 1	Mandatory Redemption Amount

* Maturity

The Bonds are initially issued in the form of a separate single certificated fully registered Bond for each maturity, and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC").

Unless this Bond is presented by an authorized representative of DTC to the University or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

[Notice of redemption of any Bond being called for redemption shall be given by mailing of notice to the registered owner thereof not less than thirty-five nor more than sixty days prior to the redemption date at the address shown on the Bond Register, or at such other address as may be furnished in writing by such registered owner to the Trustee. Provided that funds for the redemption price, together with interest to the redemption date, are on deposit at the place of payment at such time, the Bonds shall cease to accrue interest on the specified redemption date, and shall not be deemed to be Outstanding as of such redemption date.**]**

Upon any partial redemption of this Bond, Cede & Co., in its discretion, may request the Trustee to authenticate a new Series 2005A Bond or shall make an appropriate notation on this Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case this Bond must be presented to the Trustee prior to payment.

The Series 2005A Bonds shall not be transferable or exchangeable except as set forth in the Resolution.

[This Bond is transferable by the registered owner hereof in person, or by his attorney duly authorized in writing, upon presentation and surrender of this Bond at the principal corporate trust office of the Trustee. Upon such transfer, a new Bond, of the same denomination, maturity, and interest rate, will be issued to the transferee, in exchange therefor.**]**

Reference is hereby made to the Bond Resolution for the covenants and declarations of the University and other terms and conditions under which this Bond and the Bonds of this issue have been issued. The covenants contained herein and in the Bond Resolution may be discharged by making provisions, at any time, for the payment of the principal of and interest on this Bond in the manner provided in the Bond Resolution.

****

STATEMENT OF INSURANCE

[to come]

****

IN WITNESS WHEREOF, the Regents of the University of Idaho have caused this Bond to be executed by the manual or facsimile signature of the President of the Regents, of the Bursar of the University, and attested by the manual or facsimile signature of the Secretary of the Regents, and a facsimile or original of the official seal of the University to be imprinted hereon, as of this ____ day of __________, 2005.

THE REGENTS OF THE UNIVERSITY OF IDAHO

By ______________________________________
President

COUNTERSIGNED:

____
Bursar

ATTEST:

____
Secretary

(SEAL)

****

[Form of Trustee's Certificate of Authentication]

CERTIFICATE OF AUTHENTICATION

Date of Authentication: ______________________

This Bond is one of the Regents of the University of Idaho General Revenue Refunding Bonds, Series 2005A, described in the within-mentioned Bond Resolution.

WELLS FARGO BANK, N.A., as Trustee

By ___________________________________
Authorized Officer

[End of Form of Trustee's Certificate of Authentication]

****

[Form of Attorney General's Validation Certificate]

VALIDATION CERTIFICATE

I hereby certify that I have examined a certified copy of the record of proceedings taken preliminary to and in the issuance of the within bond; that such proceedings and such bond conform to and show lawful authority for the issuance thereof in accordance with the provisions of chapter 38, Title 33, Idaho Code, as amended. Such bond has been issued in accordance with the Constitution and laws of the State of Idaho and shall in any suit, action or proceeding involving its validity be conclusively deemed to be fully authorized by chapter 38, Title 33, Idaho Code, and to have been issued, sold, executed, and delivered in conformity with the Constitution and laws of the State of Idaho and to be valid and binding and enforceable in accordance with its terms, and such bond is incontestable for any cause.

____

Attorney General

[End of Form of Attorney General's Validation Certificate]

****

[Form of Assignment]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Name of Transferee: ____

Address: ____

____

Tax Identification No.: ____

the within Bond and hereby irrevocably constitutes and appoints ____________________

____

of ____
to transfer said bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: ____________________ ______________________________

____
Registered Owner

NOTE: The signature on this Assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

____
Bank, Trust Company or Member
Firm of the New York Stock Exchange

____
Authorized Officer

[End of Form of Assignment]

****

[Form of Prepayment Panel]

PREPAYMENT PANEL

The following installments of principal (or portions thereof) of this Bond have been prepaid in accordance with the terms of the Resolution.

Date of Prepayment	Principal Prepaid	Signature of Authorized Representative of DTC
___________	___________	___________
___________	___________	___________
___________	___________	___________
___________	___________	___________

[End of Form of Prepayment Panel]

** Include when Bonds registered with DTC.**
[Bracketed text deleted when Bonds DTC-registered.]

[End of Form Series 2005A Bond]

EXHIBIT B

CONSENT OF UNDERWRITER
[Pursuant to Section 10.1A of the Resolution]

This Consent of Underwriter is executed and delivered by Lehman Brothers Inc. (the "Underwriter"), as initial purchaser of the $____________ General Revenue Refunding Bonds, Series 2005A, issued by the Regents of the University of Idaho (the "University"), pursuant to a Resolution adopted by the University on November 22, 1991 (the "1991 Resolution"), as previously amended and supplemented, and as amended and supplemented by the University's Supplemental Resolution adopted January ___, 2005 (the "Supplemental Resolution"). This consent is being given pursuant to Section 212 of the Supplemental Resolution in connection with certain amendments to the 1991 Resolution (the "Amendments") requiring the consent of Registered Owners of Bonds as described in Section 10.1A of the 1991 Resolution.

The undersigned Underwriter acknowledges receipt of a copy of the 1991 Resolution and the Supplemental Resolution, and for purposes of Section 10.1A of the 1991 Resolution, consents to the Amendments to the 1991 Resolution effectuated by the Supplemental Resolution.

Dated: ____________________

LEHMAN BROTHERS INC.

By:______________________________________

THE REGENTS OF THE UNIVERSITY OF IDAHO
$__________________
GENERAL REVENUE REFUNDING BONDS, SERIES 2005A

BOND PURCHASE AGREEMENT

January 25, 2005

The Regents of the University of Idaho
Attn: Jay D. Kenton, Vice President
for Finance and Administration and Bursar
Moscow, Idaho 83844-3168

Ladies and Gentlemen:

The undersigned, Lehman Brothers Inc., as underwriter (the "Underwriter"), hereby offers to enter into this Bond Purchase Agreement with the University of Idaho (the "University") which, upon the acceptance by the University of this offer, shall be in full force and effect in accordance with its terms and shall be binding upon the University and the Underwriter.

This offer is made subject to your acceptance and approval on or before 7:00 p.m. Mountain Time, on January 25, 2005. Terms not otherwise defined herein shall have the same meaning as are set forth in the Official Statement referred to hereinafter.

ARTICLE I

1.1 Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and covenants herein set forth, the Underwriter hereby agrees to purchase from the University, and the University hereby agrees to sell to the Underwriter, all but not less than all of the University's General Revenue Refunding Bonds, Series 2005A (the "Bonds"), for a purchase price equal to $_____________ representing the $__________ par amount of the Bonds, plus net bond issuance premium of $____________.

1.2 The Bonds. The Bonds shall be dated as of the date of delivery, bear interest at the rates, mature in the amounts and on the dates set forth in Exhibit A hereto and be otherwise as described in the Preliminary Official Statement (as defined herein). The Bonds shall be issued under and pursuant to the Resolution of the University adopted November 22, 1991 (the "Resolution"), as amended by a Supplemental Resolution adopted on January 25, 2005 (the "Supplemental Resolution"), substantially in the form heretofore delivered to the Underwriter, with only such changes therein as shall be mutually agreed upon among us. The Bonds are insured by ________________________ (the "Insurer").

1.3 Preliminary Official Statement. The University has previously delivered to the Underwriter the Preliminary Official Statement. The University represents and warrants that the Preliminary Official Statement has been deemed final by the University for purposes of Rule l5c2-12(b)(1) under the Securities Exchange Act of 1934 (the "1934 Act"), except for the omission of no more than offering prices, interest rates, Underwriter's fee, aggregate principal amount and principal amounts per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters. The University hereby ratifies, approves and confirms the distribution and use of the Preliminary Official Statement by the Underwriter in connection with the public offering and sale of the Bonds prior to the availability of the final Official Statement.

1.4 Official Statement. Within seven business days after the date hereof and in sufficient time to accompany any confirmation that requests payment for the Bonds from any customer of the Underwriter, the University shall deliver to the Underwriter at the expense of the University two copies of the final Official Statement executed on behalf of the University by the President or Vice President for Finance and Administration of the University and a sufficient quantity of conformed copies thereof to enable the Underwriter to comply with paragraph b(4) of Rule 15c2-12 under the 1934 Act and the rules of the Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board and to meet the requirements of Section 1.6 hereof, containing only such changes from the Preliminary Official Statement as are previously consented to in writing by the Underwriter (such final Official Statement, including all appendices thereto, and with such supplements and amendments as are consented to in writing by the Underwriter, being herein called the "Official Statement"). The University hereby authorizes the distribution and use by the Underwriter of the Official Statement in connection with the public offering and sale of the Bonds.

1.5 Amendments or Supplements. Between the date of this Purchase Agreement to the time when the Official Statement is available from a nationally recognized municipal securities information repository ("NRMSIR"), but in no case less than 25 days following the end of the underwriting period, if any event shall occur or any pre-existing fact shall become known which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if any event relating to or affecting the correctness or completeness of any statement contained in the Official Statement shall occur, then the University (to the extent of its knowledge) will promptly notify the Underwriter of the circumstances and details of such event. If, in the opinion of the Underwriter, such event should be set forth or reflected in an amendment of or supplement to the Official Statement to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to the Underwriter, then the University will, at the expense of the University, forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to the Underwriter, not misleading. The University shall provide such information and access to their properties and appropriate records as the Underwriter may reasonably request in connection with the preparation of such amendment or supplement to the Official Statement. Unless otherwise notified in writing by the Underwriter, the University can assume that the "end of the underwriting period" for purposes of Rule 15c2-12 shall be 25 days from the date of Closing (as defined in Section 1.8 herein). In the event such notice is so given in writing by the Underwriter, the Underwriter agrees to notify the University in writing following the occurrence of the end of the underwriting period.

1.6 Delivery to NRMSIR. The University authorizes the Underwriter, and the Underwriter agrees, to deliver three copies of the Official Statement to each NRMSIR not later than seven days after the date of the Official Statement. The Underwriter shall fulfill all other responsibilities imposed upon underwriters by Rule 15c2-12 of the SEC.

1.7 Public Offering. It shall be a condition to the University's obligations to sell and to deliver the Bonds to the Underwriter and to the Underwriter's obligations to purchase, to accept delivery of and to pay for the Bonds that the entire principal amount of the Bonds shall be issued, sold and delivered by the University and purchased, accepted and paid for by the Underwriter at Closing. The Underwriter agrees to make a bona fide public offering of all the Bonds at a price which does not exceed the initial public offering or the yields as set forth on the inside cover page of the Official Statement; however, the Underwriter reserves the right to make concessions to dealers and to change such initial offering prices as the Underwriter shall deem necessary in connection with the marketing of the Bonds. The Underwriter may reoffer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at a price lower than the offering prices set forth in the Official Statement. In connection with the offering of the Bonds, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time by the Underwriter without prior notice.

1.8 Closing. At 8:00 a.m., Mountain Time, on February 10, 2005, with respect to the Bonds, or at such other time or on such earlier or later date upon which we mutually agree (herein called the "Closing"), the University will deliver or cause to be delivered to the Underwriter the executed Bonds in book entry form and the other documents herein mentioned; and the Underwriter will accept such delivery and pay the purchase price for the Bonds in immediately available funds to the order of Wells Fargo Bank, N.A., Boise, Idaho, as Trustee for the Bonds. Such delivery of Bonds shall occur at The Depository Trust Company, New York, New York, or at such other place in the City of New York, New York, as the Underwriter may designate.

ARTICLE II
Representations and Warranties of the University

To induce the Underwriter to enter into this Bond Purchase Agreement and to sell the Bonds with full realization and appreciation of the fact that the investment value of the Bonds and the ability of the University to sell and the Underwriter to resell the Bonds are in part dependent upon the credit standing of the University, and in consideration of the foregoing and execution and delivery of this Bond Purchase Agreement, the University represents and warrants to the Underwriter as follows:

2.1 The University has been duly organized and is validly existing under the Constitution and laws of the State of Idaho and has all power and authority to consummate the transactions contemplated by this Bond Purchase Agreement and the Official Statement, including the execution, delivery and/or approval of all documents and agreements referred to herein or therein.

2.2 The execution and delivery of the Supplemental Resolution, the approval by the University of this Bond Purchase Agreement and the Bonds, and the application of the proceeds of the Bonds for the purposes described in the Official Statement do not and will not conflict with or result in the breach of any of the terms, conditions or provisions of, or constitute a default under, any existing law, court or administrative regulation, decree or order, or any other agreement, indenture, mortgage, lease or instrument by which the University or any of its respective property is or may be bound.

2.3 The University has duly authorized all necessary action to be taken by it for the issuance and sale of the Bonds by the University upon the terms and conditions set forth herein, in the Official Statement, in the Supplemental Resolution, and in the approval of the Official Statement and the Bonds.

2.4 Except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court or administrative body pending or, to the knowledge of the University, threatened against or affecting the University, or to the knowledge of the University, any meritorious basis therefor, wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition of the University or the transactions contemplated by this Bond Purchase Agreement and the Official Statement, or would have an adverse effect on the validity or enforceability of the Bonds, the Supplemental Resolution or any agreement or instrument by which the University is or may be bound, or would in any way adversely affect the existence or powers of the University, or would in any way adversely affect the tax-exempt status of interest on the Bonds.

2.5 The University is not in breach of or in default under any existing law, court or administrative regulation, decree or order, or any other agreement, indenture, mortgage, lease, sublease or other instrument to which the University is a party or by which it or its property is or may be bound, and no event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default thereunder, in either case in any manner or to enough extent which could have a material adverse effect on the financial condition of the University or the transactions contemplated by this Bond Purchase Agreement and the Official Statement, or would have an adverse effect on the validity or enforceability in accordance with their respective terms of the Bonds, or the Supplemental Resolution, or would in any way adversely affect the existence or powers of the University, or would in any way adversely affect the tax-exempt status of interest on the Bonds.

2.6 The information contained in the Preliminary Official Statement relating to (a) the University, (b) the University's operations and financial and other affairs, (c) the application of the proceeds of sale of the Bonds, and (d) the participation by the University in the transactions contemplated by this Bond Purchase Agreement and the Preliminary Official Statement was, as of their respective dates and will be as of the date of Closing, true and correct in all material respects.

The Preliminary Official Statement and the Official Statement do not contain as of their respective dates and as of the date of Closing, and will not omit to state a material fact required to be stated therein or necessary to make the statements made therein in light of the circumstances under which they were made, not misleading.

2.7 The audited financial statements of the University as of June 30, 2004, and for the fiscal year then ended are a fair presentation of the financial position of the University, the results of the University's operations and the University's changes in its net assets for the periods specified as of the dates indicated.

Except as described in the Preliminary Official Statement, since June 30, 2004, there has been no material adverse change in the condition, financial or otherwise, of the University from that set forth in the audited financial statements as of and for the period ended that date; and except as described in the Preliminary Official Statement, the University, since June 30, 2004, has not incurred any material liabilities, directly or indirectly, except in the ordinary course of the University's operations.

2.8 Each representation, warranty or agreement stated in any certificate signed by any officer of the University and delivered to the Underwriter at or before the Closing shall constitute a representation, warranty or agreement by the University, as the case may be, upon which the Underwriter shall be entitled to rely.

ARTICLE III
Underwriter's Conditions

3.1 The Underwriter has entered into this Bond Purchase Agreement in reliance upon the performance by the University of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Bond Purchase Agreement are and shall be subject to the following further conditions:

(a) At the times of Closing (i) the Official Statement, the Resolution, the Supplemental Resolution and this Bond Purchase Agreement shall be in full force and effect and shall not have been amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriter, and (ii) the proceeds of sale of the Bonds shall be paid to the Trustee of the Bonds for deposit or use as described in the Official Statement.

(b) At the times of Closing and in compliance with subsection (b)(5) of SEC Rule 15c2-12, the University and the Trustee shall have executed and delivered the Information Reporting Agreement in the form authorized by the University and attached hereto as Exhibit B.

(c) The Underwriter shall have the right to cancel its obligation to purchase the Bonds if, between the date hereof and the Closing, (i) legislation shall have been enacted or introduced by the Congress of the United States or shall have been reported out of committee or be pending in committee, or a decision shall have been rendered by a court of the United States or the Tax Court of the United States, or a ruling shall have been made or a regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury

Department of the United States or the Internal Revenue Service, with respect to federal taxation upon revenues or other income derived by the University or any similar body or upon interest received on obligations of the general character of the Bonds, that, in the reasonable judgment of the Underwriter, materially adversely affects the market for the Bonds, or (ii) laws, regulations, rulings or other actions shall have been adopted or taken place or are proposed to be adopted which in effect make interest on the Bonds taxable under the State of Idaho income tax laws, or (iii) there shall exist any event that, in the reasonable judgment of the Underwriter, either (A) makes untrue or incorrect in any material respect any statement or information in the Official Statement or (B) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect, or (iv) legislation shall be enacted, or actively considered for enactment by the Congress, with an effective date prior to the date of Closing, or a decision by a court of the United States shall be rendered, or a ruling or regulation by the SEC or other governmental agency having jurisdiction of the subject matter shall be made, the effect of which is that (A) the Bonds are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or (B) the Resolution as amended by the Supplemental Resolution is not exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect, or (v) a stop order, ruling or regulation by the SEC shall be issued or made, the effect of which is that the issuance, offering or sale of the Bonds, as contemplated herein or in the Preliminary Official Statement or the Official Statement, is in violation of any provision of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect, or (vi) there shall have occurred any outbreak or escalation of hostilities or mobilization in anticipation thereof, any terrorist activities, or any national or international calamity or crisis, financial or otherwise, which, in the sole opinion of the Underwriter, materially and adversely affects the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for sale of such Bonds, or (vii) there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading substantially all listed securities thereon shall have been fixed and be in force, or maximum ranges for prices for such securities shall have been required to be in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the SEC or any other governmental authority having jurisdiction, or (viii) a general banking moratorium shall have been declared by either federal or New York authorities having jurisdiction and be in force or (ix) any order, decree or injunction of any court of competent jurisdiction or any judicial proceeding or any order, ruling, regulation or administrative proceeding by any governmental body or agency shall have been enacted, the purpose or effect of which is to prohibit the issuance, offering or sale of the Bonds as contemplated hereby or by the Official Statement, or to prohibit the performance by the University of its obligations under the Resolution, the Supplemental Resolution, or this Bond Purchase Agreement in accordance with their respective terms; and

(d) At or prior to the Closing for the Bonds, the Underwriter shall receive the following relating to the Bonds being delivered at such Closing:

(1) The approving opinion of Hawley Troxell Ennis & Hawley LLP ("Bond Counsel"), dated the date of Closing, in substantially the form included as Appendix D to the Official Statement;

(2) The opinion of Hawley Troxell Ennis & Hawley LLP, as Disclosure Counsel, dated the date of Closing and addressed to the University and the Underwriter in substantially the form attached hereto as Exhibit C;

(3) The opinion of Sharyl Kammerzell, Senior Associate University Counsel, in substantially the form attached hereto as Exhibit D;

(4) The University's certificate or certificates signed by its Vice President for Finance and Administration dated the date of Closing to the effect that (A) no litigation is pending or, to its knowledge, threatened (i) to restrain or enjoin the collection of the Pledged Revenues pledged or to be pledged under the Resolution, as amended by the Supplemental Resolution (ii) in any way contesting or affecting any authority for the issuance of the Bonds, the validity of the Bonds, the Resolution, the Supplemental Resolution, this Bond Purchase Agreement or the exemption from federal income taxation of interest on the Bonds, or (iii) in any way contesting the powers or operation of the University; (B) to the best of his knowledge, the descriptions and information contained in the Official Statement relating to the University and its operational and financial and other affairs and the application of the proceeds of sale of the Bonds are correct in all material respects, as of the date of the Official Statement and as of the date of Closing; (C) such descriptions and information, as of the date of the Official Statement, did not and, as of the date of Closing, do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (D) at the time of the Closing, no default or event of default has occurred and is continuing which, with the lapse of time or the giving of notice, or both, would constitute a default or an event of default under the Resolution, the Supplemental Resolution, this Bond Purchase Agreement or any other material agreement or material instrument to which the University is a party or by which it is or may be bound or to which any of its property or other assets is or may be subject; (E) the Resolution, the Supplemental Resolution of the University authorizing or approving the execution of this Bond Purchase Agreement, the Information Reporting Agreement, the Official Statement, and the form of the Bonds have been duly adopted by the University and have not been modified, amended or repealed; (F) no event affecting the University has occurred since the date of the Official Statement that either makes untrue or incorrect, as of the date of Closing, any statement or information relating to the same and contained in the Official Statement or that should be disclosed therein in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading; and (G) the representations of the University herein are true and correct in all material respects as of the date of Closing;

(5) Two copies of the Supplemental Resolution;

(6) Two copies of the certificate of the University relating to matters affecting the tax-exempt status of interest on the Bonds, including the use of proceeds of sale of the Bonds and matters relating to arbitrage rebate pursuant to Section 148 of the Code and the applicable regulations thereunder, in form and substance satisfactory to Bond Counsel;

(7) Satisfactory evidence that the Bonds have been rated "A+" or higher by Standard & Poor's Ratings Services and "A1" or higher by Moody's Investors Service, Inc.;

(8) Ten copies of the Official Statement related to the Bonds executed on behalf of the University;

(9) A specimen of the Bonds;

(10) A copy of the executed Information Return for Tax-Exempt Governmental Bond Issues, Form 8038-G (current revision), for the Bonds and evidence of the mailing thereof on the closing date;

(11) Evidence that a copy of the Official Statement has been filed with the Treasurer of the State of Idaho, pursuant to Idaho Code Section 67-1222;

(12) Satisfactory evidence of insurance of the payment of the principal of and interest on the Bonds by the Insurer, and that the Insurer is rated AAA by Standard & Poor's Ratings Services and Aaa by Moody's Investors Service, Inc.; and

(13) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request.

ARTICLE IV
Fees and Expenses

All expenses and costs of the University incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriter, including the costs of printing of the Bonds, advertising costs, the costs of posting, printing, duplicating and mailing the Preliminary Official Statement, the Official Statement, the fees of consultants and rating agencies, the cost of obtaining an insurance policy on the Bonds from the Insurer, the initial fee of the Trustee in connection with the issuance of the Bonds, and the fees and expenses of Bond Counsel and counsel for the University shall be paid out of funds made available by the University. All out-of-pocket expenses of the Underwriter, except for expenses of the University advanced by the Underwriter for which the Underwriter will be reimbursed by the University, including travel and other expenses and the fees and expenses of any counsel employed by it, shall be paid by the Underwriter.

ARTICLE V
General Provisions

Any notice or other communication to be given to the University under this Bond Purchase Agreement may be given by delivering the same in writing, at the University's address set forth above, and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to Lehman Brothers Inc., 701 Fifth Avenue, Suite 7101, Seattle, WA 98104.

This Bond Purchase Agreement is made solely for the benefit of the University and the Underwriter (including the successors or assigns of the Underwriter), and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All agreements, representations and warranties of the University in this Bond Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

The approval of the Underwriter when required hereunder or the determination of its satisfaction with respect to any document referred to herein shall be in writing signed by the Underwriter and delivered to the University. This Bond Purchase Agreement shall become legally effective upon mutual acceptance and approval.

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

LEHMAN BROTHERS INC.

By ______________________________
Richard B. King
Senior Vice President

ACCEPTED:

UNIVERSITY OF IDAHO

By ______________________________
Jay D. Kenton
Vice President for Finance and
Administration and Bursar

EXHIBIT A

$______________ UNIVERSITY OF IDAHO
GENERAL REVENUE REFUNDING BONDS, SERIES 2005A

Purchase Price:	
Principal Amount	$____________
Plus Net Premium	$____________
Purchase Price	**$____________**

Interest on the University of Idaho General Revenue Refunding Bonds, Series 2005A (the "Series 2005A Bonds") is payable on April 1, 2005 and semiannually on each April 1 and October 1 thereafter. Principal on the Series 2005A Bonds is payable on the dates, and the Series 2005A Bonds will bear interest at the rates, set forth below:

Maturity(April 1)	Principal Amount	Interest Rate	Yield

* Final Maturity

Redemption Provisions:

Optional Redemption of the Series 2005A Bonds

The Series 2005A Bonds maturing on or after April 1, ____, at the election of the University on or after October 1, ____, shall be subject to redemption, in whole or in part at any time, in maturities selected by the University, and within each maturity as selected by lot by the Trustee, upon notice as hereinafter provided, at ______ plus accrued interest to the date of redemption.

Mandatory Redemption of the Series 2005A Bonds

The Series 2005A Bonds maturing on April 1, ____ shall be subject to mandatory redemption and retirement prior to maturity, in part, by lot in such manner as DTC or the Trustee, as applicable, shall determine, on April 1 in the years ____ through ____, inclusive, at 100% of the principal amount thereof plus accrued interest to the date of redemption, by operation of Mandatory Redemption Amounts, which hereby are established in the amounts set forth below:

Mandatory Redemption Date April 1	Mandatory Redemption Amount

* Final Maturity

EXHIBIT B

INFORMATION REPORTING AGREEMENT

Re: $_________ principal amount of General Revenue Refunding Bonds, Series 2005A (the "Series 2005A Bonds" or the "Bonds"), dated as of the date of delivery, of the University of Idaho (the "Issuer") and issued pursuant to a Supplemental Resolution adopted January 25, 2005 (the "Resolution") which names Wells Fargo Bank, N.A., as Trustee (the "Trustee")

THIS INFORMATION REPORTING AGREEMENT (the "Agreement") is executed and delivered by the Issuer and the Trustee, as of the date set forth below, in order for the Issuer to authorize and direct the Trustee, as the agent of the Issuer, to make certain information available to the public, as herein provided.

WITNESSETH:

1. Background. The Issuer has resolved to issue the Bonds pursuant to the Resolution. The CUSIP number assigned to the final maturity of the Bonds is _________.

2. Appointment of Trustee. The Issuer hereby appoints the Trustee and any successor Trustee acting as such under the Resolution to be the Issuer's agent under this Agreement to disseminate the information furnished by the Issuer hereunder in the manner and at the times provided herein and to discharge the other duties assigned.

3. Information to be Furnished by the Issuer. The Issuer hereby covenants for the benefit of the registered and beneficial owners of the Bonds that, as long as the Bonds are outstanding under the Resolution, the Issuer will deliver the following information to the Trustee:

(a) Within 180 days after the end of the Issuer's fiscal year, the audited financial statements of the Issuer, together with the report thereon of the Issuer's independent auditors, beginning with Fiscal Year 2005.

(b) The other financial, statistical and operating data for said fiscal year of the Issuer in the form and scope similar to the financial, statistical and operating data contained in "SECURITY FOR THE SERIES 2005A BONDS," "PROFORMA HISTORICAL PLEDGED REVENUES" and, in the event the Bonds are called, the financial data contained in "DEBT SERVICE REQUIREMENTS" of the Issuer's Official Statement.

(c) In a timely manner, notice of any of the following events with respect to the Bonds, if material:

(i) Principal and interest payment delinquencies on the Bonds;

(ii) Nonpayment related defaults;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;

(vii) Modifications to rights of Bondholders;

(viii) Bond calls;

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the Bonds;

(xi) Rating changes; and

(xii) Notice of a failure of the Issuer to provide the annual financial information specified in Section 3(a) and 3(b) hereof.

4. Manner and Time by Which Information is to be made Public by the Information Agent.

(a) The information required to be delivered to the Trustee pursuant to Sections 3(a) and 3(b) shall be referred to as the Continuous Disclosure Information (the "Continuous Disclosure Information") and the notices required to be delivered to the Trustee pursuant to Section 3(c) shall be referred to as the Event Information (the "Event Information").

(b) Not later than five business days after the receipt of any Continuous Disclosure Information or any Event Information, the Trustee will deliver the information as provided in the following subsection (c).

(c) It shall be the Trustee's duty to:

(i) deliver the Continuous Disclosure Information to the Repositories once it is received from the Issuer;

(ii) deliver the Event Information to the Repositories and the MSRB once it is received from the Issuer; and

(iii) determine the identity of all Repositories to which Continuous Disclosure Information and Event Information must be sent under the rules and regulations promulgated by the MSRB or by the SEC and to determine the existence of any SID by calling the SEC's Public Reference Room at (202) 942-8090.

(d) The Trustee shall have no duty or obligation to disclose any information other than (i) Continuous Disclosure Information that the Trustee actually has received from the Issuer and (ii) Event Information about which the Trustee has received notice from the Issuer. Any such disclosures shall be required to be made only as and when specified in this Agreement and only to those entities specified in this Section 4. The Trustee's duties and obligations are only those specifically set forth in this Agreement and the Resolution, and the Trustee shall have no implied duties or obligations.

(e) On or before the 31st day of January of each year, the Trustee shall provide to the Issuer written notice of the names of the Repositories to which the Trustee has sent Continuous Disclosure Information during the preceding calendar year and the names of the Repositories to which the Trustee proposes to send Continuous Disclosure Information during the current calendar year.

5. Indemnification.

(a) The Trustee shall have no obligation to examine or review the Continuous Disclosure Information and shall have no liability or responsibility for the accurateness or completeness of the Continuous Disclosure Information disseminated by the Trustee hereunder. The Continuous Disclosure Information shall contain a legend to such effect.

(b) The Issuer hereby agrees to hold harmless and to indemnify the Trustee, its employees, officers, directors, agents and attorneys from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorneys' fees and expenses, whether incurred before trial, at trial, or on appeal, or in any bankruptcy or arbitration proceedings), which may be incurred by the Trustee by reason of or in connection with the disclosure of information in accordance with this Agreement, except to the extent such claims, damages, losses, liabilities, costs or expenses result directly from the willful misconduct or gross negligence of the Trustee in the performance of its duties under this Agreement.

6. Compensation. The Issuer hereby agrees to compensate the Trustee for the services provided and the expenses incurred pursuant to this Agreement in an amount to be agreed upon from time to time hereunder. Such compensation shall be in addition to any fees previously agreed upon with respect to the fiduciary services of the Trustee in its capacity as the Trustee.

7. Enforcement. The obligations under this Agreement of the Issuer shall be for the benefit of the registered and beneficial holders of the Bonds. Any holder of the Bonds then outstanding, including any Beneficial Owner of the Bonds (as defined in the Resolution), may enforce specific performance of such obligations by any judicial proceeding available, provided however, that a default under this Agreement will not be a default under the Resolution.

8. **Definitions**. As used herein, the following terms shall have the following meanings:

"MSRB"shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the final official statement relating to the Bonds dated January 25, 2005.

"Repository" shall mean (i) each nationally recognized municipal securities information repository recognized by the SEC from time to time pursuant to the Rule and (ii) any SID.

"Rule 15c2-12" shall mean Rule 15c2-12, as amended, promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

"SEC" shall mean the Securities and Exchange Commission.

"SID" means any state information depository of the State of Idaho.

9. **Amendments and Termination**. This Agreement may be amended with the mutual agreement of the Issuer and the Trustee and without the consent of any registered or beneficial holders of the Bonds under the following conditions:

(a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;

(b) this Agreement, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any change in circumstances; and

(c) the amendment does not materially impair the interests of holders of the Bonds, as determined either by parties unaffiliated with the Issuer (such as the Trustee or nationally recognized bond counsel).

Any party to this Agreement may terminate this Agreement by giving written notice of its intent to terminate to the other parties at least thirty (30) days prior to such termination, provided that no such termination shall relieve the obligation of the Issuer to comply with Rule 15c2-12(b)(5) either through a successor agent or otherwise.

The Issuer's next annual report must explain, in narrative form, the reasons for any such amendment or termination and the impact of the change in the type of operating data or financial information being provided or, in the case of accounting principles, the presentation of such operating data or financial information.

The undertaking contained in this Agreement shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (i) the date all principal and interest on the Bonds shall have been paid pursuant to the terms of the Resolution; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of Rule 15c2-12; or (iii) the date on which those portions of Rule 15c2-12 that require this written undertaking (a) are held to be invalid by a court of competent jurisdiction in a nonappealable action, (b) have been repealed retroactively, or (c) in the opinion of counsel who is an expert in federal securities laws, acceptable to the Issuer or the Trustee, otherwise, do not apply to the Bonds. The Issuer shall notify the Repositories if this Agreement is terminated pursuant to (iii), above.

10. Successor Trustee. Upon the transfer of the duties created under the Resolution from the current Trustee to a successor Trustee, such successor Trustee shall succeed to the duties under this Agreement without any further action on the part of any party, and the then current Trustee shall have no further duties or obligations upon the transfer to a successor Trustee. Such Successor Trustee may terminate this Agreement or cause it to be amended as provided in paragraph 9.

11. Notices. Notices and the required information under this Agreement shall be given to the parties at their addresses set forth below under their signatures or at such places as the parties to this Agreement may designate from time to time.

12. Counterparts. This Agreement may be executed in one or more counterparts, and each such instrument shall constitute an original counterpart of this Agreement.

13. Governing Law. This Agreement shall be governed by the laws of the State of Idaho.

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Agreement to be executed and delivered by a duly authorized officer of each of them, all as of this 10th day of February, 2005.

UNIVERSITY OF IDAHO

By ________________________________

Jay D. Kenton
Vice President for Finance and Administration

WELLS FARGO BANK, N.A.,
as Trustee

By________________________________

Twyla D. Ganther
Assistant Vice President

EXHIBIT C

OPINION OF HAWLEY TROXELL ENNIS & HAWLEY LLP,
AS DISCLOSURE COUNSEL

[Date of Closing]

The Regents of the University of Idaho
University of Idaho
Moscow, ID 83844

Lehman Brothers Inc.
701 Fifth Avenue, Suite 7101
Seattle, WA 98104

Re: The Regents of the University of Idaho, General Revenue Refunding Bonds, Series 2005A in the Principal Amount of $__________

Ladies and Gentlemen:

We have acted as counsel with respect to disclosure matters to the Regents (the "Regents") of the University of Idaho (the "University") in connection with the sale of its General Revenue Refunding Bonds, Series 2005A, dated February 10, 2005, in the aggregate principal amount of $__________ (the "Series 2005A Bonds"), pursuant to the Bond Purchase Agreement dated January 25, 2005 (the "Bond Purchase Agreement"), between the University and Lehman Brothers Inc. (the "Underwriter") wherein the University agrees to issue and sell to the Underwriter its Series 2005A Bonds.

In connection therewith, we have examined duly certified copies of certain proceedings of the Regents relating to the authorization and issuance of the Series 2005A Bonds, including the Resolution of the Regents adopted on November 22, 1991, as amended and supplemented, and the Supplemental Resolution of the Regents authorizing the Series 2005A Bonds adopted on January 25, 2005 (collectively, the "Resolution"), certain portions (referred to hereinafter) of the Preliminary Official Statement dated January 14, 2005, and the Official Statement dated January 25, 2005 (collectively, the "Official Statement"), and such other documents as we deemed necessary to render this opinion.

In our capacity as disclosure counsel we have also examined originals or reproduced or certified copies of all such other corporate records, agreements, communications, certificates of officers and other instruments of the University, as well as such certificates of public officials and other documents as we have deemed relevant and necessary as a basis for the opinions set forth below. We have also examined an executed counterpart of the opinion, addressed to us, of Sharyl Kammerzell, Senior Associate University Counsel to the University.

In such examination we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity to original documents of all documents submitted to us as certified or reproduced copies. As to various questions of fact and material to such opinions, we have relied upon certificates of officers of the University and upon the representations and warranties of the University set forth in the Resolution and the Bond Purchase Agreement.

Based upon such examination, it is our opinion that:

1. The University is a duly organized and validly existing independent public body politic and corporate of the State of Idaho with lawful authority to enter into the Resolution and to issue and sell the Series 2005A Bonds and to use the proceeds thereof for the purposes described in the Resolution.

2. The Resolution creates a valid assignment of the University's right, title, and interest in and to the Pledged Revenues (as defined in the Resolution), subject to the qualification that the enforcement of the Resolution may be limited by laws relating to bankruptcy, reorganization, insolvency, moratorium, or other similar laws affecting creditors' rights and by the availability of equitable remedies.

3. The Bond Purchase Agreement has been duly authorized, executed, and delivered by the University and constitutes a legal, valid, and binding agreement of the University enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, moratorium, or other similar laws affecting creditors' rights and by the availability of equitable remedies.

4. The University has duly authorized the execution and delivery of the Official Statement.

5. The information contained in the Official Statement under the headings entitled "THE SERIES 2005A BONDS," "SECURITY FOR THE SERIES 2005A BONDS," "TAX EXEMPTION" and under the subheadings "Purpose of the Series 2005A Bonds" and "Payment and Security for the Series 2005A Bonds" contained under the heading entitled "INTRODUCTORY STATEMENT," and in APPENDIX "C" to the Official Statement entitled "Glossary of Certain Terms Used in the Resolution and Official Statement" and in APPENDIX "D" to the Official Statement entitled "Summary of the Resolution" is correct in all material respects, and nothing has come to our attention which would lead us to believe that the information under such headings, subheadings or in such APPENDIX "C" or such APPENDIX "D" to the Official Statement contains an untrue statement of a material fact or that such information, taken collectively, omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided, however, that no opinion is expressed as to any statistical or financial information contained therein.

6. In accordance with our understanding with each of you, we have rendered assistance to the University and the Underwriter in the course of their investigation with respect to, and their participation in the preparation of, the Official Statement. Rendering such assistance involved,

among other things, discussions, examinations, and inquiries concerning various legal documents, transactions and proceedings of the University. We also participated in conferences with the representatives of the University, the Underwriter and certain other persons involved in the preparation of the information contained in the Official Statement, during which the contents of the Official Statement and related matters were discussed and reviewed.

While we are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, on the basis of the information which was developed in the course of the performance of the services referred to above and without having undertaken to verify independently such accuracy, completeness or fairness, nothing has come to our attention that would lead us to believe that the Official Statement (apart from the financial statements and other financial and statistical data contained in the Official Statement, as to which we do not express any opinion or belief) contained at its date or contains as of the date hereof, any untrue statement of a material fact or omitted at its date or omits as of the date hereof to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

7. The Resolution and the Series 2005A Bonds conform in all material respects as to form and tenor with the terms and provisions thereof as summarized and set out in the Official Statement.

8. The Series 2005A Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and of Section 304(a)(4) of the Trust Indenture Act of 1939, as amended; and it is not necessary in connection with the sale of the Series 2005A Bonds to the public to register the Series 2005A Bonds under the Securities Act of 1933, as amended, or to qualify the Resolution under the Trust Indenture Act of 1939, as amended.

Respectfully submitted,

HAWLEY TROXELL ENNIS & HAWLEY LLP

EXHIBIT C

OPINION OF COUNSEL TO THE UNIVERSITY OF IDAHO

[University of Idaho Letterhead]

[Date of Closing]

The Regents of the University of Idaho
University of Idaho
Moscow, ID 83844

Lehman Brothers Inc.
701 Fifth Avenue, Suite 7101
Seattle, WA 98104

Hawley Troxell Ennis & Hawley LLP
877 Main Street, Suite 1000
Boise, ID 83702

[Insurer]

Re: The Regents of the University of Idaho, General Revenue Refunding Bonds, Series 2005A, in the Principal Amount of $__________

Ladies and Gentlemen:

As Senior Associate University Counsel to the University of Idaho (the "University"), I have reviewed certain documents in connection with the issuance and sale by the University of the above-captioned bonds (the "Series 2005A Bonds"), including the Resolution of The Regents of the University (the "Regents") adopted on November 22, 1991, as amended and supplemented, and the Supplemental Resolution of the Regents dated January 25, 2005, authorizing the issuance and sale of the Series 2005A Bonds (collectively, the "Resolution"), the Preliminary Official Statement dated January 14, 2005 and the Official Statement dated January 25, 2005 (the "Official Statement"), and such other documents as I deemed necessary to render this opinion. Capitalized terms used as defined terms in this opinion have the meaning assigned to such terms in the Resolution. This opinion is rendered under the Bond Purchase Agreement dated January 25, 2005 (the "Bond Purchase Agreement") between the University and Lehman Brothers Inc. (the "Underwriter"), wherein the University agrees to issue and sell to the Underwriter the Series 2005A Bonds.

Based upon my examination, it is my opinion that:

1. The University is an institution of higher education and a body politic of the State of Idaho, duly and validly created and existing pursuant to the laws of the State of Idaho, with full legal right, power, and authority (i) to issue bonds of the University pursuant to the Resolution; (ii) to adopt the Resolution; (iii) to enter into the Bond Purchase Agreement; (iv) to pledge Pledged Revenues (as defined in the Resolution) to secure the payment of the principal of and interest on the Series 2005A Bonds; and (v) to carry out and consummate the transactions contemplated by the Resolution and Bond Purchase Agreement.

2. The meeting of the Regents on January 25, 2005, at which the Supplemental Resolution was duly adopted by the Regents, was called and held pursuant to law, all public notices required by law were given, and the actions taken at the meeting, insofar as such actions relate to the Series 2005A Bonds, were legally and validly taken.

3. The adoption of the Resolution by the Regents, the execution and delivery of the Bond Purchase Agreement, and the performance by the University of the transactions contemplated thereby will not conflict with or constitute a breach of, or default under, any commitment, note, agreement or other instrument to which the University is a party or by which it or any of its property is bound, or any provision of the Idaho Constitution or laws or any existing law, rule, regulation, ordinance, judgment, order or decree to which the University or the Regents is subject.

4. The statements in the Official Statement under the subheading "University of Idaho" under the caption "INTRODUCTORY STATEMENT" and under the captions "THE REFUNDING PROJECTS," "ESTIMATED SOURCES AND USES OF FUNDS," "SECURITY FOR THE SERIES 2005A BONDS," "HISTORICAL REVENUES AND DEBT SERVICE COVERAGE," "PROFORMA HISTORICAL PLEDGED REVENUES," "THE UNIVERSITY," "SOURCES OF FUNDING FOR THE UNIVERSITY," "UNIVERSITY GOVERNANCE AND ADMINISTRATION" and "LITIGATION" contained in the Official Statement, and in APPENDIX "B" "SCHEDULE OF STUDENT FEES" to the Official Statement, are true and correct in all material respects and do not contain an untrue statement or omission of a material fact, it being understood that, in rendering this opinion, I am not expressing an opinion with respect to statistical data, technical and financial statements, operating statistics, and other financial data contained under these captions of the Official Statement. I hereby consent to the inclusion of my name as Senior Associate University Counsel to the University in the section of the Official Statement entitled "LEGAL MATTERS" and on the cover page thereof.

5. Except as described in the Official Statement, there is no action, suit, proceeding, official inquiry or investigation, at law or in equity, pending which (i) questions the existence or powers of the Regents or the University or the title to office of any present official of the University; (ii) seeks to prohibit, restrain or enjoin the sale, issuance or delivery of any of the Series 2005A Bonds or the execution and delivery of the Bond Purchase Agreement; (iii) affects the collection of the Pledged Revenues pledged or to be pledged to pay the principal of and interest on the Series 2005A Bonds, or the pledge of the revenue and other funds and accounts under the Resolution; (iv) contests the completeness or accuracy of the Official Statement; or (v) contests any authority for the issuance of the Series 2005A Bonds, and the adoption of the Resolution, or the execution and

delivery of the Bond Purchase Agreement or the validity of any proceedings taken by the University in connection with the issuance or sale of the Series 2005A Bonds.

Very truly yours,

Sharyl Kammerzell
Senior Associate University Counsel

REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES
SECTION: V. FINANCIAL AFFAIRS
Subsection: F. Bonds and Other Indebtedness April 2002

F. Bonds and Other Indebtedness

1. General Powers

The University of Idaho, Idaho State University, Lewis-Clark State College, and Boise State University may, by a majority vote of all the members of the Board, borrow money with or without the issuance of bonds pursuant to Chapter 38, Title 33, Idaho Code. The Board must act by formal resolution. Such indebtedness is not an obligation of the state of Idaho but is an obligation solely of the respective institutions and the respective board of trustees. Any indebtedness is to be used to acquire a project, facility, or other asset that may be required by or be convenient for the purposes of the institution. Student fees, rentals, charges for the use of the projected facility, or other revenue may be pledged or otherwise encumbered to pay the indebtedness. Refunding bonds also may be issued.

Eastern Idaho Technical College is not authorized to borrow money under Chapter 38, Title 33, Idaho Code.

2. Attorney General's Opinion

The Board or the institution may request the Attorney General of Idaho to review and pass upon the validity of a proposed bond issue. If found valid, the bond is an incontestable, binding obligation on the institution.

3. Private Sale

A private sale of bonds is permitted only with the prior approval of the Board as the governing body of the institution. The chief executive officer of the institution must justify why a public sale is not desirable and explain the benefits of a private sale of bonds.

4. Responsibility of the Chief Executive Officer

The chief executive officer of the institution is responsible for compliance with state law and these provisions when any indebtedness is incurred.

Expenditure of Excess Revenue

Expenditure of project revenues over and above that pledged or otherwise encumbered to meet the indebtedness is limited to expenditures for projects identified in the bond's Official Statement. Expenditure of excess revenue for other projects requires prior Board approval. Expenditures between two hundred fifty thousand dollars ($250,000) and five hundred thousand dollars ($500,000) require prior approval from the executive director and expenditures greater than five hundred thousand dollars ($500,000) require prior Board approval.

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO

SUBJECT

Authorization of interim property management agreement at the Idaho Water Center (IWC)

REFERENCE

March 2004	Idaho Water Center (IWC) Leasing, Operations, and Maintenance Contract (Information Only) – The University of Idaho informed the Board that it planned to release Requests for Qualifications for leasing services and building management services at the IWC. The other primary IWC tenants, the Idaho Department of Water Resources (IWC) and the United States Forest Service (USFS) were engaged in the selection process.
June 2004	Discussion of selection process and requests to approve or delegate approval of contract. Item was pulled from agenda at the request of the University of Idaho because contract was not ready for approval.

APPLICABLE STATUTE, RULE, OR POLICY

State Board of Education Governing Policies and Procedures, Sections V.I.1. through V.I.3.

BACKGROUND

The IWC houses several University of Idaho programs, as well as the Idaho Department of Water Resources. Future leasehold tenants will include CH2M Hill, and potentially other governmental, commercial, and retail tenants. The USFS will be a future owner-occupant. To allow for multiple owners, the property will be classified as a condominium under the Idaho Condominium Property Act. The condominium declaration is now being finalized and circulated among the owner/occupants. Common services such as building and systems maintenance, repairs, and custodial support are to be provided in the building through contracted support. Until such time as the condominium declaration is filed, the USFS acquires a property interest in its space in building, and the management body under the condominium declaration is formed, the UI is solely responsible for the delivery of common services and the maintenance and repair of the facility.

The UI issued a request for qualifications to identify capable firms interested in providing property management services at the IWC. A selection panel, with representatives from the UI, the IDWR, and the USFS, evaluated responses from five firms and checked references. Evaluation criteria included qualifications, key personnel, organizational structure, and past performance and experience with similar projects. The panel interviewed the top three firms.

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO – continued

The selection panel selected Colliers International from the finalists. Colliers' strengths include exceptional qualifications of the project team, a well-defined web-accessible work order process, and a history of successful building management services in the Boise market.

The UI has operated under an interim agreement with Colliers to provide building services since the building was occupied in the fall of 2004. The UI now seeks to establish a new agreement to deliver these services through the winter and spring of 2005, until such time as a formal agreement can be established between the condominium association and the property management firm (See Attachment 1- Management Contract-Draft and accompanying Exhibit A).

DISCUSSION

The proposed contract requires Colliers to provide a full range of property management services for the building, including building reception, alarm and security, pest control, repair and maintenance, and custodial services. Services are provided via a combination of Colliers in-house service personnel and assorted subcontracted services. The proposed contract amount is intended to cover the full breadth of costs anticipated for building operations, including all utilities, and as summarized in the attached operating budget for the remainder of the current fiscal year. The contract requires UI to cover all direct costs for building operations, and provides Colliers an additional flat monthly property management fee.

IMPACT

This contract allows UI to carry out its responsibilities in providing necessary building operations and maintenance services until such time as the condominium association is formed in the spring of 2005. Without the contracted support of the property manager, the UI would be required to hire and manage directly the range of engineering and maintenance support functions inherent in the operation of a large high-rise building. The estimated total cost for management services and operating expenses for the period of February 1, 2005 through June 30, 2005 is $408,089. The estimated annual cost of the contracted services and expenses is $978,000 commencing July 1, 2005.

STAFF COMMENTS AND RECOMMENDATIONS

Due to a delay in the finalization of the condominium declaration, an interim agreement was entered into between UI and Colliers, which was slightly below $250,000, which is the threshold requiring Executive Director approval. The additional five-month contract of $408,089 brings the total cost over the $500,000 threshold requiring Board approval. The UI brings this items to the Board for that reason.

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO – continued

BOARD ACTION

A motion to approve a contract in substantially the same form as the draft contract presented to the Board between the University of Idaho and Colliers International for building management services for the Idaho Water Center, and to authorize the Vice President for Finance and Administration at the University of Idaho to execute the contract. It is the intent of the Board that the Board's executive director and legal counsel review the final contract prior to execution of same by the University of Idaho.

Moved by ________ Seconded by ________ Carried Yes _____ No _____

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UNIVERSITY OF IDAHO - continued

ATTACHMENT 1

Management Agreement (Draft)

THIS AGREEMENT is made and entered into as of this 1st day of February, 2005, by and between the Regents of the University of Idaho a public corporation, state educational institution, and a body corporate organized and existing under the Constitution and laws of the state of Idaho (herein after called "Institution"), whose address is P.O. Box 443168, Moscow, Idaho 83843-3168 and Colliers Paragon, LLC**,** (hereinafter called "Manager") whose address is 475 South Capitol Boulevard, Suite 300, Boise, Idaho 83702.

RECITALS

The Property is known as the Idaho Water Center (hereinafter called "Property"), together with all improvements erected thereon and all personal property of the Institution located thereon.

Manager is licensed to manage real estate in the State of Idaho and is in the business of managing and operating real estate.

The Institution desires to appoint Manager to manage the day-to-day operations of the Property consistent with Institution's objectives of maximizing the Property's economic value.

This Agreement is entered into to set forth the terms on which Manager will manage the Property.

NOW THEREFORE, incorporating the Recitals as set forth above, and in consideration of the mutual covenants herein contained, Institution and Manager mutually hereby agree as follows:

DEFINITIONS

The terms used in this Agreement shall have the following meanings:

"Authorized Expenses" shall be those expenses included within the Institution-Approved Budget, and such additional expenses as may thereafter be approved by Institution in writing.

"Institution-Approved Budget" shall be the budget approved pursuant to Section 3.8 and included here as Exhibit A.

"Operating Account" shall have the meaning ascribed to it in Section 3.9.

"Fiscal Year" shall coincide with the State Fiscal Year: 1 July through 30 June.

ARTICLE I

TERM

Institution hereby appoints and Manager hereby accepts appointment as exclusive Manager for the Property for the period of February 1, 2005 through June 30, 2005. This Agreement also includes four additional one-year option periods, corresponding to state fiscal years 2006, 2007, 2008, and 2009. Contingent upon sustained satisfactory performance by the Manager, the Institution, at its sole discretion, may choose to exercise an option on the Agreement. The Institution shall provide written notification to the Manager of the intent to exercise an option on the Agreement not less than sixty (60) days prior to the end of the current performance period.

This Agreement is cancelable without cause by either party on not less than sixty (60) days advance written notice, which notice may be given at any time during a month, provided that in any event the cancellation shall be effective at the end of the calendar month in which the sixty (60) day notice period ends.

ARTICLE II

COMPENSATION OF MANAGER

The compensation and payment thereof for management of the Property shall be as follows:

2.1 *Management Fee*. Institution agrees to pay Manager and Manager agrees to accept as full management fee for the services to be rendered to Institution an amount equal to $4,000.00, monthly, subject to a three percent (3%) annual increase commencing with the 2006/2007 Fiscal Year. Such fee shall be payable monthly in arrears commencing upon the last day of the first initial month of this Agreement.

2.2 *Maintenance Compensation.* Manager shall do everything reasonably necessary for the proper management of the Property, including supervision and staffing of building reception and maintenance/engineering services, regular workday inspections of building systems and services, and arranging for such improvements, alterations, and repairs as may be required by Institution. In the event there is ever a need for additional labor above and beyond the two onsite building engineers, and it is determined that the providing of additional maintenance from Manager shall be the most effective method of resolving a maintenance issue, Manager shall provide said labor at a commercially reasonable rate not to exceed $38.00 per hour, price subject to change with thirty (30) days prior written notice. No improvements, alterations or repair work costing more than Five Thousand Dollars ($5,000) shall be made by Manager without Institution's prior written authorization unless it is part of a pre-approved budget. In the case of an emergency, as described in paragraph 3.5, that requires immediate repairs or alterations, if Institution is not readily available for consultation, Manager may use its discretion and judgment regarding same to make repairs.

2.3 *Tenant Improvement/ Capital Improvement / Oversight.* Any Tenant Improvement/Capital Improvement undertaken by the Institution and supervised by the Manager is treated as additional work outside of the approved budget. For additional supervision with regard to modernization and/or alterations to the Property, when specifically requested and approved in writing by Institution, construction or tenant improvements and major capital improvements shall be subject to a percentage fee as follows:

Total costs of improvements up to the amount of $15,000 . . . . . 10%
Additional improvement amounts over $15,000 . . . . 4%

2.4 *General Overhead*. Institution shall not additionally compensate or reimburse Manager for Manager's normal central office overhead expenses other than as provided in Section 3.6 and those expressly approved in the Institution-Approved Budget.

2.5 *Other Financial Reports and Audits.* Property Manager shall furnish to Institution as promptly as practicable all routine financial reports and such other financial reports, statements, audits or other information, outside the usual and customary reporting, with respect to the operations of the Property as Institution may from time to time reasonably request.

ARTICLE III

RESPONSIBILITIES OF MANAGER

3.1 Manager shall operate, manage, and maintain the Property as an independent contractor acting as agent for Institution in accordance with Idaho real estate law and sound property management practices. Manager shall exercise prudence and diligence in performing its duties. The responsibilities of the Manager shall include, but not be limited to, the following:

3.2 *Compliance with Legal Requirements.* Manager shall take such action as may be necessary to comply with any and all orders or requirements affecting the Property by any federal, state, county or municipal authority having jurisdiction thereover and of which Manager has received written notice.

Manager, however, shall not take any such action as long as the Institution is contesting, or has affirmed its intention to contest, and promptly institutes proceedings contesting, any such order or requirement except that Institution and Manager shall promptly notify each other in writing of all such orders and notices or requirements. Manager shall prepare, execute, and, after obtaining the approval of Institution, file any such reports and documents as may be required by any local, state, or federal authority.

Manager shall manage the Property under this Agreement in full compliance with any applicable state or federal legislation governing discrimination or fairness in housing or business, and shall take action considered appropriate to carry out the purposes of any such legislation.

3.3 *Operation.* Manager shall continually operate the Property as a high-quality project, and shall perform all acts which are customary for the management of properties of like size and character or as may be required for the efficient and businesslike operation of the Property.

3.4 *Maintenance and Repairs.* Manager shall, within the limitations of the Institution-Approved Budget, see that the physical facilities, personal property, and grounds are at all times well maintained, kept in good order and repair, and in a proper state of cleanliness.

Manager shall, in accordance with the approved operating budget, make or contract for all repairs that shall reasonably be required to preserve, maintain, and keep the Property in first-class condition. To the extent that Manager must contract out for such services, all such contracts shall be the responsibility of Manager.

Manager shall obtain and maintain records and enforce any guarantees or warranties that may concern Institution's personal property included within the Property. Written approval of the Institution must be obtained before pursuing any legal remedies to enforce said guarantees or warranties.

3.5 *Emergency Maintenance and Repair.* In an emergency where repairs are immediately necessary for the preservation and safety of the Property, or to avoid the suspension of any essential service to the Property, or to avoid danger to life or property, or to comply with federal, state, or local law, such emergency repairs shall be made by Manager at Institution's expense without prior written approval. Manager shall report to the Institution full details of any emergency orally within one (1) business day and by written report remitted within one (1) week of the incident.

Manager shall notify Institution or Institution's designated insurance agent promptly of any personal injury or property damage occurring to or claimed by any tenant or third party on or with respect to the Property and to promptly forward to such insurance agent, with copies to Institution, any summons, subpoena, or other legal document served upon Manager relating to the actual or alleged potential liability of the Institution, Manager, or the Property, with copies to Institution of all such documents.

3.6 *Employment and Supervision of Personnel.* Manager shall employ and supervise all personnel required for the operation, maintenance, and management of the Property. All such employees shall be employees of the Manager, and shall not be employees of the Institution.

Manager agrees not to discriminate against any employee or applicant for employment in the performance of this Agreement, with respect to tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, sex, color, religion, disability, status as a veteran, national origin or ancestry. Breach of this covenant may be regarded as a material breach of this agreement.

Manager shall procure and maintain worker's compensation insurance and employer's liability insurance covering all employees working on or about the Property, and fidelity bonds or employee dishonesty insurance, covering all employees who handle funds of the Institution.

Manager is solely responsible for payment of income, social security, and employment taxes due to the proper taxing authorities and Institution shall not deduct such taxes from any payments to Manager hereunder. Manager shall prepare, maintain, and file all necessary reports with respect to such taxes or deductions and all other necessary statements and reports pertaining to labor employed by Manager in or about the Property. Costs of administering and managing such personnel are to be borne by Manager.

3.7 *Disclosure.* Manager shall disclose the name of any property owned and/or managed by the Manager which is within a two (2)-mile radius of the Property and any other property owned and/or managed by the Manager which is in direct competition with the Property. Subsequent like-kind conflicts shall also be disclosed immediately upon occurrence.

3.8 *Institution-Approved Budget.* An annual budget shall be submitted to the Institution prior to the beginning of each fiscal year. Exhibit A, attached and incorporated herein by reference, is the approved annual budget for the base contract period. Said budget shall include a detailed listing of all the estimated expenses required to operate the property, including but not limited to Janitorial, Window Washing, Repair and Maintenance, Preventative Maintenance, Engineering, Interior Landscaping, Management Fees, Capital Improvements, Utilities, Insurance, Master Association Fees, Capital Reserves and any other customary operating expenses. Said budget shall not include any expenses relating to the leasing of any of the space to be subleased, including commissions, as these items will fall outside of the scope of this Agreement and shall be covered by a separate agreement.

Manager shall submit, along with the budget, a projection of capital expenditures for the forthcoming Fiscal Year. After approval by the Institution in writing, budget shall be used by Manager as a guide for the actual operation of the Property and shall be subject to comparisons monthly. Manager agrees to obtain prior approval for any normal operating expenditure(s) which would cause any budget variance of Five Thousand Dollars ($5,000) and over, per occasion in any budget year, except for emergencies. All expenses within the Institution-Approved Budget are to be borne by Institution, and it shall be the responsibility of the Institution, to make available sufficient funds to Manager to meet expenses anticipated in the Institution-Approved Budget.

3.9 *Operating Account.* Manager, serving as Agent for Institution, shall establish and maintain on behalf of Institution, a non-interest bearing operating account and, if necessary, an interest bearing reserve account. Said account(s) shall be opened in the name of Manager as trustee for Institution, and maintained in a federally insured bank or savings institution. All receipts and disbursements for the operation of the Property shall be handled through these account(s). Institution shall be responsible for providing funds to pay the Institution-approved cash requirements of the Property on a timely basis. Manager shall have no proprietary interest in Operating Account or reserve account, and all funds in these accounts shall at all times be the property of the Institution. All interest on the reserve account shall accrue to Institution.

3.10 *Collections.* Manager shall make all reasonable steps to collect, and enforce the collection of, all payments and other charges due Institution for tenants of the Property in accordance with the terms of their tenancies and state and federal law.

3.11 *Payment of Bills.* From the Operating and/or Reserve Account(s), Manager is hereby authorized to pay or reimburse itself for all Institution's expenses and costs of operating the Property, including property taxes, Institution's insurance premiums, mortgage indebtedness, and for all other sums due Manager under this Agreement, including Manager's compensation under Section 2.1.

Institution shall give Manager advance written notice of at least seven (7) days if Institution desires Manager to make any additional monthly or recurring payments out of the proceeds from the Property. Any advance of funds by Manager must have prior approval by Institution.

In the event that the balance in the Operating and/or Reserve Account(s) is at any time insufficient to pay disbursements due and payable under Article II, Manager shall notify Institution of the deficiency. Manager shall give at least fifteen (15) days written notice to Institution of any funds required for deficiency and contingency reserve. Institution shall, immediately upon notice, remit to Manager sufficient funds to cover the deficiency and replenish the contingency reserve. In no event shall Manager be required to use its own funds to pay such disbursements, nor shall Manager be required to advance any monies to Institution or to bank accounts maintained by Manager on behalf of Institution. Manager shall pay, with all available Institution's funds, invoices in order of invoice date with the oldest taking the highest priority.

If Institution requests in writing and Manager elects to advance any money, only pursuant to a written agreement signed by both parties, in connection with the Property to pay any expenses for Institution, such advance shall be a loan subject to repayment with interest at an annual rate equal to the prevailing prime rate plus two percent (2%), calculated on a daily basis, and Institution hereby authorizes Manager to deduct such amounts from any monies due Institution.

Any balance existing in the Operating Account at the termination of this Agreement shall be returned to the Institution within thirty (30) days of termination, and the Institution agrees to pay expenses incurred during the term of the Agreement but which have not been received thirty (30) days after termination of the Agreement.

3.12 *Books, Records and Reports.* Manager shall establish and maintain an accounting and management reporting system that will duly account for all transactions relating to the Property.

On or before the thirtieth (30th) day of each month, Manager shall provide to Institution a report of the Property's operations for the preceding month, including:

A detailed and itemized statement of all sources and uses of funds in a format satisfactory to Institution and Manager.

A statement of ending balances in all trust accounts.

General comments regarding the Property's operation and any requirements by Manager for the Institution, such as payments to cover unexpected expenses.

For a period of three (3) years following completion of the services called for hereunder, Institution or its authorized representatives shall at all reasonable times have access to the accounting records, books and other records of the Manager, in order to audit all charges for the services as they relate to the Property. Manager shall keep Institution notified in writing of the location of all such records. Institution shall have the right to audit said records and books at Institution's expense.

All original reports and documents are to be retained in Manager's possession. Copies, as required, will be made available to the Institution. Manager will retain said records for a period of three (3) years, or as required by law, after which time the records shall be transferred to Institution. At the termination of this agreement all records, except those required by law to be retained by Manager, shall be returned to Institution for retention. Institution

3.13 *Use and Maintenance of Premises.* Manager agrees not to knowingly permit the use of the Property for any purpose which might void any policy of insurance relating to the Property or which might render any loss there under uncollectible, or which would be in violation of any government restriction.

3.14 *Parking Garage.* Manager agrees to assume a lead role on behalf of the tenants in addressing building parking garage safety issues and needs through the parking garage owner and operator.

ARTICLE IV

INSURANCE AND INDEMNIFICATION

4.1 *Insurance*

4.1.1 *General Requirements.* Manager is required to carry the types and limits of insurance shown in this insurance clause, section 4.1.2, and to provide Institution with a Certificate of Insurance ("certificate"). Certificates shall be provided within seven (7) days of the signing of the contract by the Manager. Certificates shall be executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth below. All certificates shall provide for thirty (30) days' written notice to Institution prior to cancellation, non-renewal, or other material change of any insurance referred to therein as evidenced by return receipt of United States certified mail. Said certificates shall evidence compliance with all provisions of this section.

Additionally and at its option, Institution may request certified copies of required policies and endorsements. Such copies shall be provided within (10) ten days of the Institution's request.

All insurance required hereunder shall be maintained in full force and effect with insurers with Best's rating of AV or better and be licensed and admitted in Idaho. All policies required shall be written as primary policies and not contributing to nor in excess of any coverage Institution may choose to maintain. Failure to maintain the required insurance may result in termination of this Agreement at Institution's option.

All policies shall name Institution as Additional Insured. On the certificate, the Institution shall be stated as: "State of Idaho and The Regents of the University of Idaho". Certificates shall be mailed to: University of Idaho, Risk Management, P.O. Box 443162, Moscow, ID 83844-3162.

Failure of Institution to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Institution to identify a deficiency from evidence that is provided shall not be construed as a waiver of Manager's obligation to maintain such insurance.

No Representation of Coverage Adequacy. By requiring insurance herein, Institution does not represent that coverage and limits will necessarily be adequate to protect Manager, and such coverage and limits shall not be deemed as a limitation on Manager's liability under the indemnities granted to Institution in this section.

4.1.2 *Required Insurance Coverage.* Manager shall at its own expense obtain and maintain:

4.1.2.1 *Commercial General and Umbrella / Excess Liability Insurance.* Manager shall maintain Commercial General Liability ("CGL") written on an occurrence basis and with a limit of not less than $1,000,000 each occurrence and in the aggregate. If such CGL insurance contains a general aggregate limit, it shall apply separately by location and shall not be less than $1,000,000. CGL insurance shall be written on standard ISO occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under a Manager contract including the tort liability of another assumed in a business contract. Waiver of subrogation language shall be included. If necessary to provide the required limits, the Commercial General Liability policy's limits may be layered with a Commercial Umbrella or Excess Liability policy.

4.1.2.2 *Commercial Auto Insurance.* For any corporate vehicles in use, Manager shall maintain a Commercial Auto policy with a Combined Single Limit of not less than $1,000,000; Underinsured and Uninsured Motorists limit of not less than $1,000,000; Comprehensive; Collision; and a Medical Payments limit of not less than $10,000. Coverage shall include Non-Owned and Hired Car coverage. Waiver of subrogation language shall be included.

4.1.2.3 *Personal property*. Manager shall purchase insurance to cover Manager's personal property. In no event shall Institution be liable for any damage to or loss of personal property sustained by Manager, even if such loss is caused by the negligence of Institution, its employees, officers or agents. Waiver of subrogation language shall be included.

4.1.2.4 *Workers' Compensation.* Manager shall maintain all coverage statutorily required of the Manager, and coverage shall be in accordance with the laws of Idaho. Manager shall maintain Employer's Liability with limits of not less than $100,000 / $500,000 / $100,000.

4.1.2.5 *Professional Liability*. If available generally to members of the Manager's profession, Manager shall maintain Professional Liability (Errors & Omissions) insurance on a claims made basis, covering claims made during the policy period and reported within three years of the date of occurrence. Limits of liability shall be not less than one million dollars ($1,000,000).

4.2 *Indemnification and Hold Harmless.* Manager shall indemnify, defend and hold harmless the State of Idaho, and Institution and its governing board, employees, agents, and assigns, from and against any and all claims, losses, damages, injuries, liabilities and all costs, including attorneys fees, court costs and expenses and liabilities incurred in or from any such claim, arising from any breach or default in the performance of any obligation on Manager's part to be performed under the terms of this Agreement, or arising from any act, negligence or the failure to act of Manager, or any of its agents, contractors, employees, invitees or guests.

Subject to the limits of liability specified in Idaho Code 6-901 through 6-929, known as the Idaho Tort Claims Act, the University shall indemnify and hold harmless Colliers, its agents, and employees, from and/or against any and all claims, damages, and liabilities (including reasonable attorney's fees) that may be suffered or incurred and that arise as a direct result of and which are caused by the University's possession, operations, or performance under this agreement. This indemnification does not apply when such claims, damages, and liabilities are the result of negligent acts, errors, omissions or fault on the part of Colliers, its agents or assigns, or when the claim or suit is made against Colliers by the University, the State of Idaho, or any of its agencies. Colliers shall promptly notify the University of Idaho, Attn: Risk Management Officer, PO Box 443162, Moscow, Idaho 83844-3162, of any such claim of which it has knowledge and shall cooperate fully with the University or its representatives in the defense of the same. The University's liability coverage is provided through a self-funded liability program administered by the State of Idaho Office of Insurance Management. Limits of liability, and this indemnification, are $500,000 Combined Single Limits, which amount is the University's limit of liability under the Idaho Tort Claims Act.

ARTICLE V

TERMINATION

5.1 *Termination of Contract.* Notwithstanding the provisions of Article I above to the contrary, either party may terminate this Agreement at any time at its election, provided only that at least sixty (60) days written notice of such termination is given to the other party.

5.2 *Obligations Upon Termination.* Upon termination of this Agreement, for whatever reason, each party shall promptly pay to the other, as soon as the same is determinable after the effective date of termination, all amounts due such other party under the terms of this Agreement, and upon such payment neither party shall have any further claim or right against the other, except as expressly provided hereinafter.

Upon termination for whatever cause, Manager shall, not later than the effective date of termination, deliver to the Institution, copies of documents in its possession necessary or desirable for the operation of the property, including but not limited to: all books, permits, plans, records, licenses, contracts and other documents pertaining to the Property and its operation, all insurance policies, bills of sale, or other documents evidencing title or rights of the Institution.

All personal property of Institution, whether on the premises of the Property or elsewhere, shall be delivered intact to Institution or Institution's representative. The Operating Account provided for in Section 3.9 hereof will be transferred as directed by the Institution. Manager further agrees to do all other things reasonably necessary to cause an orderly transition of the management of the Property without detriment to the rights of the Institution or to the continued management of the Property.

ARTICLE VI

MISCELLANEOUS PROVISIONS

6.1 *Headings.* The headings used herein are for purposes of convenience only and should not be used in constructing the provisions hereof.

6.2 *Notice.* Any notice under this Agreement shall be in writing and be delivered in person or by public or private courier service (including U.S. Postal Service Express Mail) or certified mail with return receipt requested or by facsimile. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing:

the Institution: Vice President for Finance and Administration
University of Idaho
P.O. Box 443168
Moscow, ID 83844-3168
Phone: (208) 885-6174
Fax: (208) 885-5504

with a copy to:

Assistant Vice President, Facilities
University of Idaho
P.O. Box 442281
Moscow, ID 83843-2281
Phone: (208) 885-5146
Fax: (208) 885-9212

TO MANAGER: Colliers Paragon LLC
Real Estate Management Services
475 South Capitol Blvd., Suite 300
Boise, Idaho 83702

Any notice shall be deemed to have been given on the earlier of: (a) actual delivery or refusal to accept delivery, (b) the date of mailing by certified mail, or (c) the day facsimile delivery is verified. Actual notice, however and from whomever received, shall always be effective.

6.3 *Relationship of the Parties.* It is expressly understood that Manager is an independent contractor and not the partner, or employee of Institution. Manager and Manager's workers are not employees of Institution and are not entitled to tax withholding, Workers' Compensation, unemployment compensation, or any employee benefits, statutory or otherwise. The relationship between the parties is that of principal and agent, and Manager is governed under the regulations promulgated by the Idaho Real Estate Commission.

6.4 *Covenant of Further Assurances.* The parties hereby agree to execute such other documents and perform such other acts as may be necessary or desirable to carry out the purposes of this Agreement.

6.5. *Confidentiality of Information.*

6.5.1 Manager agrees to keep confidential and not to disclose to third parties any information provided by Institution pursuant to or learned by Manager during the course of this Agreement unless Manager has received the prior written consent of Institution to make such disclosure. This obligation of confidentiality does not extend to any information that:

6.5.1.1 Was in the possession of Manager at the time of disclosure by Institution, directly or indirectly;

6.5.1.2 Is or shall become, through no fault of Manager, available to the general public, or

6.5.1.3 Is independently developed and hereafter supplied to Manager by a third party without restriction or disclosure.

6.5.2 This provision shall survive expiration and termination of this Agreement.

6.6 *Entire Agreement.* This document represents the entire agreement between the parties with respect to the subject matter hereof, and to the extent inconsistent therewith, supersedes all other prior agreements, representations, and covenants, oral or written. Amendments to this Agreement must be in writing and signed by both parties.

6.7 *Assignment.* Institution shall have the right to assign at its discretion, this agreement and all its rights, duties and responsibilities to the entity or entities who either are owner-occupants in the Idaho Water Center or who are charged with managing the Water Center under the IWC Condominium Declaration. Manager may not assign the rights or delegate the obligations under this Agreement without Institution's prior written consent.

6.8 *Successors and Assigns.* Subject to the limitations concerning assignment, this Agreement shall be binding upon and inure to the benefit of the parties, their heirs, legal representatives and successors.

6.9 *Attorney Fees*. In the event of any controversy, claim or action being filed or instituted between the parties to this Agreement to enforce the terms and conditions of this Agreement or arising from the breach of any provision hereof, the prevailing party will be entitled to receive from the other party all costs, damages, and expenses, including reasonable attorneys' fees, incurred by the prevailing party, whether or not such controversy or claim is litigated or prosecuted to judgment. The prevailing party will be that party who was awarded judgment as a result of trial or arbitration, or who receives a payment of money from the other party in settlement of claims asserted by that party.

6.10 *Non-Waiver.* The delay or failure of either party to exercise any of its rights under this Agreement for a breach thereof shall not be deemed to be a waiver of such rights, nor shall the same be deemed to be a waiver of any subsequent breach, either of the same provision or otherwise.

6.11 *Representations and Warranties.* Manager represents and warrants the following: (a) that it is financially solvent, able to pay its debts as they mature, and possessed of sufficient working capital to provide the equipment and goods, complete the services, and perform its obligations hereunder; (b) that it is able to furnish any of the plant, tools, materials, supplies, equipment, and labor required to complete the services required hereunder and perform all of its obligations hereunder and has sufficient experience and competence to do so; (c) that it is authorized to do business in Idaho, properly licensed by all necessary governmental and public and quasi-public authorities having jurisdiction over it and the services, equipment, and goods required hereunder, and has or will obtain all licenses and permits required by law; (d) that in performing the services called for hereunder Manager will not be in breach of any agreement with a third party; and (e) that it has familiarized itself with the local conditions under which this agreement is to be performed.

6.12 *Compliance with Rules, Regulations, and Instructions.* Manager shall follow and comply with all rules and regulations of the Institution and the reasonable instructions of Institution personnel. The Institution reserves the right to require the removal of any worker it deems unsatisfactory for any reason. Manager shall comply with all local, state and federal laws in its performance of this agreement.

6.13 *Time of the Essence.* Time is of the essence of this Agreement.

6.14 *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho.

6.15 *Severability.* Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal for any reason whatsoever, such provision shall be severed from the Agreement and shall not affect the validity of the remainder of this Agreement.

6.16 *Appropriations clause*. The Institution's obligations and liabilities are subject to the appropriation of funds from the state of Idaho, which appropriation shall be in the state of Idaho's sole discretion, from revenues legally available to the Institution for the ensuing fiscal year(s) for the purposes of this Agreement. If the state of Idaho does not appropriate the funds for the purpose of this Agreement, the Agreement shall not renew and shall terminate and neither party shall have any further obligations hereunder

6.17 *Authority.* Institution and Manager hereby certify that each is duly authorized to execute the foregoing Agreement and that the Agreement, when so executed, will be binding upon the Institution and Manager in accordance with its terms and no further authorization is required.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the day and year first above written.

INSTITUTION: THE REGENTS OF THE UNIVERSITY OF IDAHO

By: ______________________________

Jay Kenton

Title: Vice President, Finance and Administration

Date: ______________________________

MANAGER: COLLIERS INTERNATIONAL

By: ______________________________

Thomas Siffermann

Title: Director of Property Services

Date: ______________________________

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Idaho Water Center
Expense Summary

2004/2005 Partial Year Operating Budget

#	Alarm and Security		Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Totals	Per Sq Ft
2	Guard Service	Recurring					3,405	3,405	3,405	3,405	3,405				17,025	0.08
3		Non-Recurring													-	-
4		Total Expenses	-	-	-	-	3,405	3,405	3,405	3,405	3,405	-	-	-	17,025	0.08
5	Fire Alarm Monitoring	Recurring					32	32	32	32	32				160	0.00
6		Non-Reoccurring													-	-
7		Total Expenses	-	-	-	-	32	32	32	32	32	-	-	-	160	0.00
8	Fire Alarm Maintenance	Recurring													-	-
9		Non-Reoccurring													-	-
10		Total Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Fire Sprinkler Maintenance	Recurring													-	-
12		Non-Reoccurring													-	-
13		Total Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Monitoring Telephone	Recurring					126	126	126	126	126				629	0.00
15		Non-Reoccurring													-	-
16		Total Expenses	-	-	-	-	126	126	126	126	126	-	-	-	629	0.00
17	Access Control	Recurring													-	-
18		Non-Reoccurring									250				250	0.00
19		Total Expenses	-	-	-	-	-	-	-	-	250	-	-	-	250	0.00
26	**Total Alarm and Security**		**-**	**-**	**-**	**-**	**3,563**	**3,563**	**3,563**	**3,563**	**3,813**	**-**	**-**	**-**	**18,064**	**0.09**
27	**Prior Year Activity**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
28	**Increase (Decrease) over last Year**		**-**	**-**	**-**	**-**	**3,563**	**3,563**	**3,563**	**3,563**	**3,813**	**-**	**-**	**-**	**18,064**	**0.09**
29																

#	Professional Services		Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Totals	Per Sq Ft
31	Association	Recurring					16,000								16,000	0.08
32		Non-Reoccurring													-	-
33		Total Expenses	-	-	-	-	16,000	-	-	-	-	-	-	-	16,000	0.08
34	Property Management	Recurring					10,874	10,874	10,874	10,874	10,874				54,372	0.26
35		Non-Reoccurring													-	-
36		Total Expenses	-	-	-	-	10,874	10,874	10,874	10,874	10,874	-	-	-	54,372	0.26
37	Legal and Consulting	Recurring													-	-
38		Non-Reoccurring													-	-
39		Total Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40	Administrative	Recurring					1,457	1,457	1,457	1,457	1,457				7,286	0.04
41		Non-Reoccurring	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42		Total Expenses	-	-	-	-	1,457	1,457	1,457	1,457	1,457	-	-	-	7,286	0.04
49	**Total Professional Services**		**-**	**-**	**-**	**-**	**28,332**	**12,332**	**12,332**	**12,332**	**12,332**	**-**	**-**	**-**	**77,659**	**0.38**
50	**Prior Year Activity**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
51	**Increase (Decrease) over last Year**		**-**	**-**	**-**	**-**	**28,332**	**12,332**	**12,332**	**12,332**	**12,332**	**-**	**-**	**-**	**77,659**	**0.38**
52																

53	Grounds Maintenance		Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Totals	Per Sq Ft
54	Landscaping	Recurring							250	250	250				750	0.00
55		Non-Reoccurring							320		70				390	0.00
56		Total Expenses	-	-	-	-	-	-	570	250	320	-	-	-	1,140	0.01
57	Parking Lot Sweeping	Recurring													-	-
58		Non-Reoccurring													-	-
59		Total Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60	Parking Lot Repairs	Recurring													-	-
61		Non-Reoccurring													-	-
62		Total Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
63	Snow Removal	Recurring													-	-
64		Non-Reoccurring													-	-
65		Total Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
66	Pest Control	Recurring					188	188	188	188	188				940	0.00
67		Non-Reoccurring													-	-
68		Total Expenses	-	-	-	-	188	188	188	188	188	-	-	-	940	0.00
69	Sidewalk Repairs	Recurring													-	-
70		Non-Reoccurring													-	-
71		Total Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
72	Pressure Washing	Recurring													-	-
73		Non-Reoccurring													-	-
74		Total Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
81	**Total Grounds Maintenance**		**-**	**-**	**-**	**-**	**188**	**188**	**758**	**438**	**508**	**-**	**-**	**-**	**2,080**	**0.01**
82	**Prior Year Activity**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
83	**Increase (Decrease) over last Year**		**-**	**-**	**-**	**-**	**188**	**188**	**758**	**438**	**508**	**-**	**-**	**-**	**2,080**	**0.01**
84																

85	Utilities		Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Totals	Per Sq Ft
86	Power	Recurring					17,580	17,580	17,580	17,580	17,580				87,898	0.43
87	Gas	Recurring					150	150	150	150	150				750	0.00
88	Trash	Recurring					370	370	370	370	370				1,850	0.01
89	Sewer	Recurring					500	500	500	500	500				2,500	0.01
90	Water	Recurring					1,000		1,000		1,000				3,000	0.01
93	**Total Utilities**		**-**	**-**	**-**	**-**	**19,600**	**18,600**	**19,600**	**18,600**	**19,600**	**-**	**-**	**-**	**95,998**	**0.46**
94	**Prior Year Activity**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
95	**Increase (Decrease) over last Year**		**-**	**-**	**-**	**-**	**19,600**	**18,600**	**19,600**	**18,600**	**19,600**	**-**	**-**	**-**	**95,998**	**0.46**
96																

97	Repair and Maintenance		Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Totals	Per Sq Ft
98	Electrical	Recurring					2,035				2,035				4,070	0.02
99		Non-Reoccurring					200	200	400	200	200				1,200	0.01
100		Total Expenses	-	-	-	-	2,235	200	400	200	2,235	-	-	-	5,270	0.03
101	Plumbing	Recurring													-	-
102		Non-Reoccurring					250	250	250	250	250				1,250	0.01
103		Total Expenses	-	-	-	-	250	250	250	250	250	-	-	-	1,250	0.01
104	HVAC	Recurring					2,409	10,176	2,309	3,309	2,976				21,181	0.10
105		Non-Reoccurring					1,250	1,250	1,250	1,250	1,250				6,250	0.03
106		Total Expenses	-	-	-	-	3,659	11,426	3,559	4,559	4,226	-	-	-	27,431	0.13
107	Lighting	Recurring													-	-
108		Non-Reoccurring					150	150	150	150	150				750	0.00
109		Total Expenses	-	-	-	-	150	150	150	150	150	-	-	-	750	0.00
110	Painting	Recurring													-	-
111		Non-Reoccurring									500				500	0.00
112		Total Expenses	-	-	-	-	-	-	-	-	500	-	-	-	500	0.00
113	Signage	Recurring													-	-
114		Non-Reoccurring					250								250	0.00
115		Total Expenses	-	-	-	-	250	-	-	-	-	-	-	-	250	0.00
116	Elevator/Escalator	Recurring					1,976	1,976	1,976	1,976	1,976				9,880	0.05
117		Non-Reoccurring													-	-
118		Total Expenses	-	-	-	-	1,976	1,976	1,976	1,976	1,976	-	-	-	9,880	0.05
119	Engineering	Recurring					9,788	9,788	9,788	9,788	9,788				48,939	0.24
120		Non-Reoccurring					9,000			5,000					14,000	0.07
121		Total Expenses	-	-	-	-	18,788	9,788	9,788	14,788	9,788	-	-	-	62,939	0.30
122	Roof Repairs	Recurring													-	-
123		Non-Reoccurring													-	-
124		Total Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125	General Repairs	Recurring					623	623	623	623	623				3,113	0.02
126		Non-Reoccurring					1,250	1,250	1,250	2,750	1,250				7,750	0.04
127		Total Expenses	-	-	-	-	1,873	1,873	1,873	3,373	1,873	-	-	-	10,863	0.05
128	**Total Repair and Maintenance**		**-**	**-**	**-**	**-**	**29,181**	**25,663**	**17,996**	**25,296**	**20,998**	**-**	**-**	**-**	**119,133**	**0.58**
129	**Prior Year Activity**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
130	**Increase (Decrease) over last Year**		**-**	**-**	**-**	**-**	**29,181**	**25,663**	**17,996**	**25,296**	**20,998**	**-**	**-**	**-**	**119,133**	**0.58**
131																

132	Janitorial and Interiors		Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Totals	Per Sq Ft
133	Nightly Janitorial	Recurring					3,312	4,184	4,184	4,184	4,184				20,048	0.10
134		Non-Reoccurring													-	-
135		Total Expenses	-	-	-	-	3,312	4,184	4,184	4,184	4,184	-	-	-	20,048	0.10
136	Common Area Janitorial	Recurring					5,441	5,441	5,441	5,441	5,441				27,207	0.13
137		Non-Reoccurring													-	-
138		Total Expenses	-	-	-	-	5,441	5,441	5,441	5,441	5,441	-	-	-	27,207	0.13
139	Carpet Cleaning	Recurring							3,000						3,000	0.01
140		Non-Reoccurring													-	-
141		Total Expenses	-	-	-	-	-	-	3,000	-	-	-	-	-	3,000	0.01
142	Window Washing	Recurring							8,100						8,100	0.04
143		Non-Reoccurring													-	-
144		Total Expenses	-	-	-	-	-	-	8,100	-	-	-	-	-	8,100	0.04
145	Carpet Repair	Recurring													-	-
146		Non-Reoccurring													-	-
147		Total Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
148	Interior Plants	Recurring													-	-
149		Non-Reoccurring													-	-
150		Total Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
151	Interior Artwork	Recurring													-	-
152		Non-Reoccurring													-	-
153		Total Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
154	**Total Janitorial and Interiors**		**-**	**-**	**-**	**-**	**8,753**	**9,625**	**20,725**	**9,625**	**9,625**	**-**	**-**	**-**	**58,355**	**0.28**
155	**Prior Year Activity**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
156	**Increase (Decrease) over last Year**		**-**	**-**	**-**	**-**	**8,753**	**9,625**	**20,725**	**9,625**	**9,625**	**-**	**-**	**-**	**58,355**	**0.28**
157																
158	**Insurance**		**Oct-04**	**Nov-04**	**Dec-04**	**Jan-05**	**Feb-05**	**Mar-05**	**Apr-05**	**May-05**	**Jun-05**	**Jul-05**	**Aug-05**	**Sep-05**	**Totals**	**Per Sq Ft**
159	Liability Insurance	Recurring									7,500				7,500	0.04
160	Property Insurance	Recurring						21,800							21,800	0.11
161	Directors and Officers Insuranc	Recurring									7,500				7,500	0.04
163	**Total Insurance**		**-**	**-**	**-**	**-**	**-**	**21,800**	**-**	**-**	**15,000**	**-**	**-**	**-**	**36,800**	**0.18**
164	**Prior Year Activity**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
165	**Increase (Decrease) over last Year**		**-**	**-**	**-**	**-**	**-**	**21,800**	**-**	**-**	**15,000**	**-**	**-**	**-**	**36,800**	**0.18**
166																
167	**Real Estate Taxes**		**Oct-04**	**Nov-04**	**Dec-04**	**Jan-05**	**Feb-05**	**Mar-05**	**Apr-05**	**May-05**	**Jun-05**	**Jul-05**	**Aug-05**	**Sep-05**	**Totals**	**Per Sq Ft**
168	Real Estate Taxes	Recurring													-	-
171	**Total Real Estate Taxes**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
172	**Prior Year Activity**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
173	**Increase (Decrease) over last Year**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
174																
175	**Total Recoverable Expenses**		**-**	**-**	**-**	**-**	**89,616**	**91,770**	**74,973**	**69,853**	**81,875**	**-**	**-**	**-**	**408,089**	**1.98**
176	**Prior Year Activity**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
177	**Increase (Decrease) over last Year**		**-**	**-**	**-**	**-**	**89,616**	**91,770**	**74,973**	**69,853**	**81,875**	**-**	**-**	**-**	**408,089**	**1.98**

REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES
SECTION: V. FINANCIAL AFFAIRS
Subsection: I. Real and Personal Property and Services **April 2002**

I. Real and Personal Property and Services

1. Authority

   a. The Board may acquire, hold, and dispose of real and personal property pursuant to Article IX, Section 2 and Article IX, Section 10, Idaho Constitution, pursuant to various sections of Idaho Code.

   b. Leases of office space or classroom space by any institution, school or agency except the University of Idaho are acquired by and through the Department of Administration pursuant to Section 67-5708, Idaho Code.

   c. All property that is not real property must be purchased consistent with Sections 67-5715 through 67-5737, Idaho Code, except that the University of Idaho may acquire such property directly and not through the Department of Administration. Each institution, school and agency must designate an officer with overall responsibility for all purchasing procedures.

   d. Sale, surplus disposal, trade-in, or exchange of property must be consistent with Section 67-5722, Idaho Code, except that the University of Idaho may dispose of such property directly and not through the Department of Administration.

   e. If the executive director finds or is informed that an emergency exists, he or she may consider and approve a purchase or disposal of equipment or services otherwise requiring prior Board approval. The institution, school or agency must report the transaction in the Business Affairs and Human Resources agenda at the next regular Board meeting together with a justification for the emergency action.

2. Acquisition of Real Property

   a. Any interest in real property acquired for the University of Idaho must be taken in the name of the Board of Regents of the University of Idaho.

   b. Any interest in real property acquired for any other institution, school or agency under the governance of the Board must be taken in the name of the state of Idaho by and through the State Board of Education.

c. This does not preclude a foundation or other legal entity separate and apart from an institution, school or agency under Board governance from taking title to real property in the name of the foundation or other organization for the present or future benefit of the institution, school or agency. (See Section V.E.)

d. Acquisition of an option, lease, or any other present or future interest in real property by or on behalf of an institution, school or agency requires prior Board approval if the term of the lease exceeds five (5) years or if the cost exceeds two hundred fifty thousand dollars ($250,000) annually.

e. Appraisal.

   An independent appraiser must be hired to give an opinion of fair market value before an institution, school or agency acquires fee simple title to real property.

f. Method of sale - exchange of property.

   The Board will provide for the manner of selling real property under its control, giving due consideration to Section 33-601(4), applied to the Board through Section 33- 2211(5), and to Chapter 3, Title 58, Idaho Code. The Board may exchange real property under the terms, conditions, and procedures deemed appropriate by the Board.

g. Execution.

   All easements, deeds, and leases excluding easements, deeds, and leases delegated authority granted to the institutions, school and agencies must be executed and acknowledged by the president of the Board or another officer designated by the Board and attested to and sealed by the secretary of the Board as being consistent with Board action.

3. Acquisition of Personal Property and Services

   a. Purchases of equipment, data processing software and equipment, and all contracts for consulting or professional services either in total or through time purchase or other financing agreements, between two hundred fifty thousand dollars ($250,000) and five hundred thousand dollars ($500,000) require prior approval by the executive director. The executive director must be expressly advised when the recommended bid is other than the lowest qualified bid. Purchases exceeding five hundred thousand dollars ($500,000) require prior Board approval.

INSTITUTION / AGENCY AGENDA
LEWIS-CLARK STATE COLLEGE

SUBJECT

Presentation of needs for additional living space for student residents attending Lewis-Clark State College.

REFERENCE

October 2004	LCSC informed Board of shortage of residence hall space.
December 2004	Board asked for a needs presentation and competitive RFP.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections V.I.1. through V.I.3.

BACKGROUND

At the October 2004 meeting, President Dene Thomas informed the State Board of Education that Lewis-Clark State College was short of modern residence hall space. At that time, President Thomas indicated that the College would bring information back to the Board regarding a possible private/public partnership as a method of providing the needed residence hall space for the campus.

During the December 2004 meeting, an information item was brought to the Board of Education informing them that LCSC intended to explore a partnership with a private developer to construct a residence hall for its students. The Board asked for a needs presentation and asked that the College develop a Request for Proposals to assure opportunity for local contractors and developers and to promote competition for the best price and quality for the project.

DISCUSSION

Currently, Lewis-Clark State College has two traditional residence halls located on campus: Clark Hall, constructed in the late 1950’s and Talkington Hall, built in the early 1930’s. Together they house 170 students on campus. Both residence halls are in need of renovation to address serious safety and efficiency issues including the need for updated wiring, new energy efficient windows, and modern plumbing. In addition, the College owns a housing unit within a block of campus that provides 29 extra beds for students that was acquired from a local church and converted to a residence hall. Built in the 1920’s, it was previously used as a Convent.

Even with rooms in disrepair, the College has a high occupancy rate (virtually 100 percent at the beginning of each semester) for on campus residence halls. Due to the housing demand, the College provides 31 additional beds from off campus rentals and contracts with a local hotel for 37 extra student beds. Even with this extra off-campus housing, the College carries a waiting list that was over

INSTITUTION / AGENCY AGENDA
LEWIS-CLARK STATE COLLEGE – continued

70 students as of the end of August 2004, and the College anticipates a waiting list in excess of 100 students for the start of the school year next August.

Currently, the College provide beds for 7.5% of the student body, with a goal to provide residential hall space for up to 10% of the head count for LCSC students. With the large growth of full-time students (23% in the past three years) the College anticipates even more pressure from parents and students for campus housing in the future. Based on feedback from prospective students and their parents, the College believes the growth rate could be higher if adequate and modern residence hall rooms were available. Several letters have been received that indicate students have chosen different schools, some out of state, because of inadequacy of student housing.

For the Fiscal Year 2005, the College plans to lease additional space from a local hotel in town that will have the capacity to house a total of 58 students, which will be 21 more than previous years. However, with the growth in student demand for housing, the College would like to begin seeking development of an additional residence hall, both to meet the immediate need for student living space, as well as provide temporary housing during renovation of existing residence halls. Therefore, the College is proposing the Board consider authorizing construction of a residence hall to house 100-120 students to be constructed by August 2006.

Approach

The College intends to develop and solicit bids through a Request for Proposal (RFP) process for a private developer interested in forming a partnership with the College to construct a new residence hall to provide housing for 100-120 students. The College would then enter into a lease-purchase agreement with the developer and operate the facility as a part of the Residence Life program. The developer would work with the College to identify the proper location and the steps needed to acquire the property for the project, including following all measures set forth and prescribed by Lewiston City Planning and Zoning.

Financing Plan

The financing of lease and operations for the new residence hall would be provided by the student room and board receipts from the residence life program in general. This would include room and meal plan revenues. The Residence Life budget is developed to provide a "break-even" scenario. With room rates for fiscal year 2004 ranging from $1,590 to $2,180 per school year, the College anticipates an approximate increase of 6% for housing rates for Fiscal Year 2006

INSTITUTION / AGENCY AGENDA
LEWIS-CLARK STATE COLLEGE – continued

to adequately fund the residence hall program including the planned lease payments for the new residence hall.

New Residence Hall Costs/Revenues:

A new residence hall is anticipated to cost $3.5 - $4.0 million. Lease payments and operating costs are anticipated to be according to the following schedule:

Costs		
Annual Lease Payment	($4 M/6.5%/25 years)	$320,000
Annual Operating costs		150,000
Total Annual Cost		$470,000
Revenues		
Annual Rent Payments (120 beds x 3400)		$408,000
Subsidy from Residence Life Budget		62,000
Total Annual Revenues		$470,000

Plus: $150,000 from local funds for Furniture, Fixtures and Equipment (FF&E).

Additional Action

Lewis-Clark State College will develop and distribute a Request for Proposals (RFP) to attract private developers that have an interest in partnering with LCSC to provide housing for 100-120 students on or close to campus. The results of the RFP will be forwarded to the Board and Board staff prior to a later meeting with a request to proceed.

IMPACT

The lease for this facility will be paid from the Residence Life budget and funded primarily from the rent paid from students for rooms in the new facility.

STAFF COMMENTS AND RECOMMENDATIONS

The college has presented a strong case for needing additional residential housing due to the age of the existing residence halls, enrollment increases and additional student requests for on-campus living arrangements. The President has indicated a strong desire to have this situation rectified as soon as possible.

LCSC staff has been in contact with the State Division of Public Works regarding space needs, as required by statute. Board staff will work with the institution as additional steps are contemplated and taken.

INSTITUTION / AGENCY AGENDA
LEWIS-CLARK STATE COLLEGE – continued

BOARD ACTION

This item is for information only. Any action will be at the Board's discretion. Additional details will be provided to the Board and staff at a later date as the situation develops.

REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES
SECTION: V. FINANCIAL AFFAIRS
Subsection: I. Real and Personal Property and Services **April 2002**

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INSTITUTION / AGENCY AGENDA
AGENCIES AND INSTITUTIONS OF THE STATE BOARD

SUBJECT

Discussion of the Executive (Governor's) Budget Recommendations for Fiscal Year 2006.

APPLICABLE STATUTE, RULE, OR POLICY

N/A

BACKGROUND

The Executive budget recommendation was presented to the Legislature and citizens of Idaho on January 10, 2005. Education agencies and institutions will be appearing before the Joint Finance Appropriations Committee beginning January 24, 2005 to make presentations regarding their programs and budgets for FY 2006.

DISCUSSION

Jeff Shinn, Chief Fiscal Officer, will provide introductory remarks relating to the Governor's budget recommendations for institutions and agencies in the areas of: employee compensation, health care benefits, operational costs (inflation, enrollment workload, new building occupancy, utility expenses, etc.), fund shifts, capital outlay.

Other items to be discussed include the Capital Budget recommendation and revenue projection for fiscal years 2005 and 2006.

STAFF COMMENTS AND RECOMMENDATIONS

A spreadsheet displaying the Executive Recommendation for the agencies and institutions (including special and health programs), is attached. Staff will be available to answer questions.

IMPACT

Depends upon the final legislative appropriation for agencies and institutions. Of major interest to agencies and institutions of the Board is how much new funding will be available in FY 2006 to support employee benefit and compensation costs, inflationary expenses, Capital Outlay items, etc. For institutions specifically, funding of enrollment growth and occupancy costs, in addition to fund shifts (replace endowment and student fee revenues) are important.

BOARD ACTION

This item is for informational purposes only. Any action will be at the Board's discretion.

FY 2006 Executive Recommendation
State Board of Education
Agencies and Institutions
Plus Public School Support and State Dept. of Education

	PROGRAM:	Executive Recommendation General	% Change Over FY06 Base	Total	% Change Over FY06 Base
1	Agricultural Research and Extension	$ 25,985,800	5%	$ 30,903,300	4%
2	College & Universities	237,748,300	6%	357,973,000	3%
3	Community Colleges	20,730,700	5%	50,735,300	3%
4	School for the Deaf and Blind	7,966,200	7%	8,324,900	7%
5	Office of the State Board of Education	4,968,800	6%	12,056,800	20%
6	Health Programs	8,630,200	10%	8,975,700	10%
7	State Historical Society	2,819,100	44%	4,691,900	25%
8	Library, State	2,786,100	12%	4,346,200	11%
9	Professional-Technical Education	48,458,900	6%	57,134,000	5%
10	Public Broadcasting	2,882,200	82%	3,789,800	55%
11	Special Programs	9,829,600	1%	10,413,600	3%
12	Vocational Rehabilitation	7,799,500	2%	22,629,000	2%
13	Public School Support	999,069,400	4%	1,586,063,900	5%
14	State Department of Education	5,369,200	3%	17,017,000	3%
15	**TOTAL:**	$ 1,385,044,000	5%	$ 2,175,054,400	5%

INSTITUTION / AGENCY AGENDA
AGENCIES AND INSTITUTIONS OF THE STATE BOARD

SUBJECT

Discussion of changes to the student fee policies to be developed prior to the Board's approval of student fees in April.

APPLICABLE STATUTE, RULE, OR POLICY

N/A

BACKGROUND

The Board has expressed interest in reviewing the policies for student fees. Institutional and Board staff have met since October 2004 to review existing policies and determine areas where improvements could be made.

DISCUSSION

Areas of discussion include differential and professional fees, and the definition of what constitutes a full-time student. Institutions have varying constituencies, therefore each potential change requires careful analysis of how policy changes would affect each institution in either a positive or negative way, including behavioral changes of part-time students and the length of time to graduate.

STAFF COMMENTS AND RECOMMENDATIONS

It is anticipated that a first reading will be read at the March Board meeting and the 2nd reading to be at the April Board meeting prior to fee-setting for the next academic year.

Staff will work with the institutional finance and academic affairs groups to develop an item for first reading.

BOARD ACTION

This item is for informational purposes only. Any action will be at the Board's discretion.

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