

**BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10, 2005**

TAB	DESCRIPTION	ACTION
1	BOISE STATE UNIVERSITY Indoor Practice Facility - Request to Proceed with Design-Build	Motion to approve
2	UNIVERSITY OF IDAHO UI Foundation Project	Information item
3	LEWIS-CLARK STATE COLLEGE New Residence Hall – Request to Acquire Facility	Motion to approve
4	LEWIS-CLARK STATE COLLEGE Property Purchase	Motion to approve
5	AMENDMENT OF BOARD POLICY Section V.S.2.b.(4) – Enrollment Workload Adjustment- Weight Factors - First Reading	Motion to approve
6	UNIVERSITY OF IDAHO Professional Services Expenditure Per Board Policy V.I.3.a.	Motion to approve

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BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10, 2005

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY

SUBJECT

Boise State University requests approval to proceed with design and construction of the Indoor Practice Facility. This includes design-build team selection and awarding of a design-build contract to the selected team.

REFERENCES

January 2005 Indoor Practice Facility Project

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections V.B.8 and V.K.
Section 33-3804, Idaho State Code

BACKGROUND

This project would include an indoor practice facility of approximately 72,000 gross square feet to accommodate football practice out of the elements 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 16,000 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 wishes to utilize the design-build project delivery method to expedite completion of this project and obtain the best overall project within the proposed total project budget. The Permanent Building Fund Advisory Council has approved the selection of the architect to develop the Request for Proposals, and the RFP has been developed and is ready to be issued by the Division of Public Works (DPW). Proposals will be accepted from all interested design-build teams (each of which would be composed of a contractor and architect) who meet the state's requirements.

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY - continued

DISCUSSION

The scope of the design-build project includes design, general conditions, construction, commissioning, fees, contingencies, overhead and every other element required for a complete project. Design-build teams submitting a proposal must show: a) evidence of previous experience on similar projects at or above \$5 million; b) evidence of installation of an artificial turf or an identified subcontractor that has experience with the installation of a turf system equal to the University's turf system in Bronco Stadium; c) evidence of design and construction of a wide-span steel structure; and other criteria described in the RFP. Selection will be based upon the design-build team's composition, project schedule, design, experience, references, and guaranteed maximum price. The project will be required to be substantially complete by December 31, 2005, however, the University desires occupancy of the indoor practice facility portion of the project as soon as practicable before that date. The University will favor proposals that guarantee an earlier substantial completion date for the indoor practice facility portion of the project. No contract bonus will be considered. Liquidated damages will apply to completion beyond the guaranteed date.

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 only has 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 events 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.

IMPACT

The total project budget is not to exceed \$9.5 million. The design-construction budget is currently estimated at \$7 million for the practice facility, \$2 million for the band facility and \$500,000 for construction contingencies, testing and insurance. The Athletics Department has raised approximately \$5.95 million in cash contributions and pledges for this project to date. The university intends to enter into a financing arrangement to fund the remainder of the project and to ensure that it is completed in a timely manner. The sources of funding to pay the financing costs are from athletic event ticket surcharges and premium parking revenues.

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10, 2005

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY - continued

University staff has reviewed revenue projections based on proposed increases in football ticket prices (surcharge) and premium parking for BAA members and other revenues. Based on this review and comparison with prior year ticket and parking revenues, institutional staff has determined that a portion of the project cost can be financed in anticipation of additional cash gifts. In addition, these revenues are estimated to ensure sufficient coverage of operating, maintenance and utility expenses and with sufficient reserves to replace the turf in 10 years. The University will present these projections and a financing plan at the Board meeting based on cash donations to date and the remaining amount to be financed.

The proposed location of this project has been endorsed by the planners (the Zimmer Gunsul Frasca Partnership) who are developing the update to the campus master plan. The proposed location for the indoor practice facility is within the quadrant of the Boise Campus that is being designated for development of athletic facilities and amenities in the new campus master plan. A final location site will be presented at the Board meeting.

The University intends to replace all parking spaces that this project will displace from the west stadium parking lot with new parking spaces in the University's Southeast Expansion Area or at the west end of the campus.

STAFF COMMENTS AND RECOMMENDATIONS

Staff has reviewed this project and requested additional information regarding financing and parking impacts. BSU provided additional information that has been incorporated into this cover sheet. Institutional staff will be prepared to answer questions at the Board meeting. It is possible the financing proposed for this facility will be incorporated into other campus projects, such as the Student Services Center.

Staff recommends approval of the project.

BOARD ACTION

A motion to approve that Boise State University, in conjunction with the state Division of Public Works, issue a Request for Proposals (RFP) for selection of a design-build team to design and construct the Indoor Practice Facility and to authorize the Division of Public Works to award a design-build contract to the selected design-build team. Funding will come from a combination of cash contributions and pledges, athletic event ticket surcharges, premium parking revenues and bond receipts, and will not exceed \$9.5 million.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

History Narrative

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1	DPW PROJECT BUDGET		
2	PROJECT NUMBER:	05283	
3	PROJECT TITLE:	Indoor Practice Facility, Boise Idaho	
4		Design/Build	
5			
6	CATEGORY	BUDGET	9,500,000
7	Design/Build Stipends		25,000
8	10% A/E Reimbursable		2,500
9	Construction Manager		
10	CM Reimbursable		
11	Consultant		
12	Consultant Reimbursable		
13	Testing during const		15,000
14	87% (CC) Construction Estimate		8,500,000
15	5% (CO)Contingency & C.O.		425,000
16	Subtotal CC+CO		8,925,000
17	Equipment		
18	Builder's Risk		30,000
19	Miscellaneous 2		
20	Miscellaneous 3		
21	Project Contingency		483,249
22	Plan Check		12,051
23	Advertising		200
24	Site Survey		3,000
25	Soil Investigation		4,000
26	TOTAL Budget		9,500,000

REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES
SECTION: V. FINANCIAL AFFAIRS
Subsection: B. Budget Policies

April 2002

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.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY - continued

IDAHO STATUTES

TITLE 33
EDUCATION
CHAPTER 38
STATE INSTITUTIONS OF HIGHER EDUCATION BOND ACT

33-3804. POWERS AND DUTIES OF STATE INSTITUTIONS.

Every institution shall have power in its proper name as aforesaid:

- (a) To have a corporate seal and alter the same at pleasure;
- (b) To sue and be sued;
- (c) To acquire by purchase, gift or the exercise of the right of eminent domain and hold and dispose of real or personal property or rights or interests therein and water rights;
- (d) To make contracts and to execute all instruments necessary or convenient;
- (e) To acquire any project or projects, and to own, operate, and maintain such project;
- (f) To accept grants of money or materials or property of any kind from a federal agency, upon such terms and conditions as such federal agency may impose;
- (g) To borrow money, with or without the issuance of bonds and to provide for the payment of the same and for the rights of the holders of such bonds and/or of any other instrument of such indebtedness, including the power to fix the maximum rate of interest to be paid thereon and to warrant and indemnify the validity and tax exempt character;
- (h) To perform all acts and do all things necessary or convenient to carry out the powers herein granted, to obtain loans or grants or both from any federal agency, and to accomplish the purposes of sections 33-3801--33-3813, Idaho Code, and secure the benefits of the Recovery Act;
- (i) To issue refunding bonds, for the purpose of paying, redeeming, or refunding any outstanding bonds theretofore issued under authority of this chapter. Refunding bonds so issued shall have such details, shall bear such rate or rates of interest and shall be otherwise issued and secured as provided by the board authorizing the issuance of such bonds and as otherwise provided in this chapter, provided, however, that such changes in the security and revenues pledged to the payment thereof may be made by such board as may be provided by it in the proceedings authorizing such bonds, but in no event shall such refunding bonds ever be secured by revenues not authorized by this chapter to be pledged to the payment of bonds issued for other than refunding purposes. Refunding bonds issued hereunder may be exchanged for a like principal amount of the bonds to be refunded, may be sold in the manner provided in this chapter for the sale of other bonds, or may be exchanged in part and sold in part. If sold, the proceeds of such bonds may be deposited in escrow for the payment of the bonds to be refunded, provided such bonds mature or are callable for redemption under their

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10, 2005

terms within six (6) months from the date of the delivery of the refunding bonds. No refunding bonds may be issued hereunder in a principal amount in excess of the principal amount of the bonds to be refunded nor may any bonds not maturing or callable for redemption under their terms as above provided be refunded hereunder without the consent of the holders thereof. Refunding bonds so authorized and issued may in the discretion of the board be combined with other bonds to be authorized and issued under this chapter, and a single issue of bonds may be so authorized in part for improvement and in part for refunding purposes.

- (j) In connection with borrowing without the issuance of bonds, to fix fees, rents or other charges for utilization of any facility or project being financed by said borrowing and to pledge the same, together with any other revenue from such project or facility, as collateral for repayment of principal and interest in the same manner and to the same extent as provided in this chapter for securing the payment of bonds issued pursuant to this chapter.

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10, 2005

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO

SUBJECT

The University of Idaho is providing the Board of Regents an update on work being conducted to evaluate university-foundation governance matters and is outlining the process for completing the remaining work.

REFERENCE

August 14-15, 2003	A summary report on university/foundation relationships was provided to the Board and included Boise State University, Idaho State University, the University of Idaho, Lewis Clark State College, Eastern Idaho Technical College, Idaho State School for the Deaf and Blind, and Idaho Public Television and their respective affiliated foundations.
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APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures Section V.E.

BACKGROUND

In September 2004 the University of Idaho (UI) and its affiliated foundation, the University of Idaho Foundation (UIF), entered into a consulting contract with the Association of Governing Boards (AGB) (see Exhibit A). The purpose of this contract is to help the university and foundation address a number of governance issues and to assist in facilitating a mutually beneficial relationship. This report is intended to give the Board a brief update on the work that has been completed to date and to discuss the process for completing the remaining work leading up to the contract deliverables: 1) new bylaws for the foundation; 2) a new operating agreement between the foundation and university; and 3) a Foundation Board development and assessment program; and the development of a model staffing structure. It is also likely that through the adoption of best practices in the university/foundation operating agreement some changes to current SBOE policies may be recommended, although this is outside the scope of the current AGB contract.

DISCUSSION

The AGB recommends the following activities be completed in sequential order:

1. New foundation bylaws be developed for consideration;
2. University and foundation agree on governance structure and staffing model in concept; and
3. A new operating agreement be drafted based on the desired governance and staffing model and national best practices governing university/foundation relations.

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10, 2005

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO - continued

The following timeline summarizes the work that has been accomplished to date. Rather than get into the details of this work, the primary purpose of this report is to ask the Board to discuss the process and timeline it would like to use to complete the remaining activities leading up to the approval of a new operating agreement between the UI and the UI Foundation. UI Foundation and UI would like to complete this process in time to implement new foundation bylaws and adopt a new operating agreement by the beginning of the new fiscal year (July 1, 2005) if possible.

Timeline:

September/October 2004 – UI/UI Foundation enter into contract with the Association of Governing Boards (AGB) to review university/foundation governance issues.

November 2004 – January 2005 – AGB interviews key stakeholders: UI Foundation Board, UI and SBOE (Board and staff members).

January 2005 – AGB conducts orientation session in Boise with UI Foundation Board – Governance Committee, UI staff and SBOE board members (Thilo and Agidius) and staff (Stivers, Shinn and Counsel Schrader).

February - April 2005 – AGB drafts foundation bylaw changes and a revised operating agreement.

March 2005 – UI Foundation and UI meet to agree on foundation governance and staffing model thereby setting the stage for the preparation of a revised operating agreement.

Proposed Activities for Consideration:

March 2005 – UI makes progress report to SBOE/Regents and discusses process and timeline for accomplishment of this work.

April 20, 2005 – UI/AGB present to SBOE/Regents a revised UI/UI Foundation operating agreement and answer questions. The SBOE/Regents considers approval of this revised agreement.

April/May 2005 – AGB conducts UI Foundation Board orientation session.

July 1, 2005 – New UI Foundation bylaws and a new operating agreement between UI and UI Foundation are implemented.

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10, 2005

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO - continued

IMPACT

Implementation of best practices governing university/foundation relations will benefit the UI, UI Foundation, SBOE/Regents, and all of their constituencies.

STAFF COMMENTS AND RECOMMENDATIONS

Staff at the Office of the State Board has been closely involved with the UI and UI Foundation during activities to date and is very supportive of the efforts of both organizations. The work to date, and in the future, will strengthen governance and accountability factors on the part of all entities involved, and will provide a basis for foundation/institution review at the other institutions and agencies of the Board which have foundations.

BOARD ACTION

This item is for informational purposes only. Any action will be at the Board's discretion.

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September 21, 2004

Mr. Richard D. Legon
Executive Vice President
Association of Governing Boards of Universities and Colleges
One Dupont Circle
Suite 400
Washington, D.C. 20038

RE: AGB Contract with University of Idaho and the University of Idaho Foundation

Dear Mr. Legon:

Enclosed for your secondary review and signature are the Agreements for AGB to provide consulting services to the University of Idaho and the University of Idaho Foundation. As has been discussed, we needed to incorporate our standard form terms and conditions for consulting contracts as an attachment to this agreement. If these terms are acceptable to you, please indicate your agreement by initialing the reference to incorporate these changes on page four of this agreement. Once you have initialed this change please return one fully executed copy to Mike Wilson.

In addition, we would like to ensure that the following items are addressed in the operating agreement to be proposed between the UIF, UI and Regents:

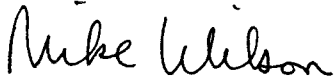
- Use of University name;
- Foundation affiliates and relationships, if any, with other foundations at UI – Research, Alumni, Athletic Boosters, Art & Architecture or other groups, affiliates or associates, separately incorporated or not;
- Management of unrestricted funds;
- Funding the Foundation's operating needs;
- Use of University personnel and facilities;
- Foundation's independence;
- Access to Foundation's records by University personnel;
- Funds administration including:
 - i. General gifts administration,
 - ii. Transfer of funds between the institution and the foundation,
 - iii. Management of endowment funds,
 - iv. Presidential discretionary funds,
 - v. Salary supplements to institutional employees,
 - vi. Acceptance of restricted gifts by the foundation, and
 - vii. Disbursement of funds by the foundation;
- Foundation audit;

Exhibit A

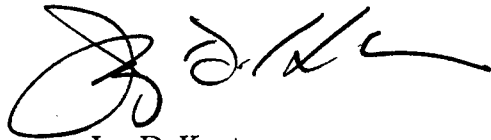
- Foundation reporting requirements to the UI as well as the Regents Coordination of fund-raising and other activities; and Coordination with UI's Division of Finance and Administration.

Your prompt attention to these matters will be appreciated. Please feel free to contact us if you have any questions, or if additional information is needed.

Sincerely,



Mike Wilson
Interim Executive Director
UI Foundation



Jay D. Kenton
UI Vice President for
Finance and Administration

Enclosures

Contract for
AGB Consulting Services with the
University of Idaho Foundation and the University of Idaho

The Association of Governing Boards of Universities and Colleges (AGB) is pleased to provide the following consulting services to the University of Idaho Foundation, Inc. (UIF) and the University of Idaho (UI). The consulting assignment is designed to help the foundation address a number of governance issues that will also help it facilitate a mutually beneficial relationship with the university.

This contract is based on AGB's *Governance Assessment and Recommendations* provided to the University of Idaho Foundation on October 15, 2003, which addressed issues related to the governance and management of the foundation, its board, and the foundation's relationship with university. A copy of that original report is attached. Along with the most recent input of the foundation board's Governance Task Force, which provided updated information on several initiatives underway or implemented, the AGB report serves as the basis for the contract's proposed activities.

The project's primary tasks will include the following:

AGB will draft revised bylaws for the University of Idaho Foundation, and develop a proposed new Memorandum of Understanding (MOU) covering the appropriate relationships and operating agreement between the UIF and UI.

The bylaws revision will emphasize current best practices and will also address a clarification of the foundation "membership" category.

2. AGB will develop and conduct a foundation board development and assessment program based on national best practices that will:

- Identify and review board and individual director responsibilities;
- Clarify policies related to the foundation board's oversight, operations and structure;
- Review current trends in foundation board fiduciary responsibilities; and
- Develop a director orientation process, and performance assessment protocol.

3. Assist the foundation to develop a model staffing structure that is mutually supportive of the university's mission and objectives (including clarification of foundation chief executive position description).

Because tasks described in this contract will affect the relationship between the state university and the foundation, AGB requests that a letter of endorsement (or similar document) from the university be submitted to AGB, indicating its interest and willingness to engage in that portion of the process that delineates their appropriate responsibilities and understanding of the relationship between the university and the

foundation. The engagement will benefit from the direct input and participation of senior university leaders.

Project Team and Schedule

Jim Lanier, president of the East Carolina University Foundation, will serve as AGB's lead consultant for the project. David Bahlman (president of the Ball State University Foundation), will provide special expertise related to policy development. AGB Executive Vice President, Richard D. Legon will also be available to the consulting team and the foundation board's Governance Task Force.

Once the contract is executed, the project will begin immediately, with a Spring, 2005 target date for completion, depending on the ability to schedule the several planning meetings and board education sessions during this timeframe.

While most of the project's planning will likely be conducted by telephone and electronically, there is an expectation that the lead consultant will require at least one onsite planning visit in Moscow and Boise, for the purpose of meeting representatives of the foundation, the university (including President White) and the Board of Regents.

Additional visits (up to three) are likely for board education sessions and other policy review meetings. Travel related expenses are not projected on the attached proposal budget, but will be paid by the foundation upon receipt of consultant(s) invoices.

The AGB consulting team will work with the foundation's Governance Task Force and staff to arrange for and schedule all necessary appointments - - both onsite and by telephone.

Proposed Project Timeframe

Fall, 2004:

- Schedule and conduct onsite conversations;
- Conduct additional discussions via electronic communications;
- Review of draft policies by foundation counsel
- Draft proposed revision of policy documents:
 - Foundation bylaws
 - Revised Memorandum of Understanding

Winter 2004-2005:

Development of board education curricula:

- Foundation board development and assessment program (and orientation program for new directors);
- Review policy changes with foundation and institution;

- Development of consultant's specific recommendations on foundation staffing (and relationship to the institution), and foundation communications plan

Spring, 2005

Conduct foundation board development and assessment program;
Submission of final report and additional recommendations for future consideration.

Qualifications

The Association of Governing Boards of Universities and Colleges is a national, tax-exempt non-profit membership organization, based in Washington, DC. Established in 1921, the association's mission is to strengthen the performance of citizen governing boards and academic trusteeship as the only viable alternative to direct, governmental control of higher education. Through a broad portfolio of publications, studies, programs, and direct services to its nearly 1,200 boards and 35,000 individual members who are ultimately responsible for the quality of education at some 1800 public and independent colleges and universities, AGB encourages adherence to best practices in trusteeship and governance and to the highest possible performance standards. AGB's membership includes higher education governing, foundation and statewide coordinating boards.

AGB's comprehensive portfolio of services for the boards and chief executives of institution-related foundations is nationally recognized. The association recognizes in its programming for foundations that fundamental to foundation success is a healthy and collaborative relationship between the foundation and the institution that it supports.

AGB's consultants are uniquely qualified to implement this agreement. The resumes for James Lanier, David Bahlman, and Rick Legon are also attached. AGB consultants are engaged by the association as independent contractors. They represent the best thinking and practices related to foundation and institution relations.

Outcomes

At the conclusion of the project we expect that the foundation board will be in an improved position to work with the university and its key constituencies in attracting and managing current and new assets. New by-laws will create natural efficiencies for conduct of the foundation board's business; as will the new MOU. Foundation board and institution leaders will provide input to developing a comprehensive foundation board development (and self-assessment) process -- that will become a regular practice for the foundation board. And, an effective foundation director orientation program will be formally in place. The governance practices of the foundation will be made current, so that it can feel good about its ability to meet its mission; and to demonstrate to the many constituencies concerned about the foundation's effectiveness that the University of Idaho Foundation is well-positioned for success.

AGB will also provide a detailed report (to be presented to the UIF board and institution leadership) that will address other areas of the assignment and additional recommendations that result from the overall project. Next steps to ensure that the foundation employs a best practice model will be included.

Additionally, the report will include recommendations for follow-up steps that should be considered by the Board of Regents of the university.

Project Budget

Consultants Fees: \$28,000

Jim Lanier (Lead consultant-- (12 days)	\$20,000
• Dave Bahlman (4 days to review bylaws/MOU)	8,000

AGB Support Fee: \$16,000

AGB will provide operational (and consulting) support for the project, including research, and program and policy development and review.

TOTAL \$44,000

Travel and Lodging:

Travel and related expenses will be in addition to the total budget figure presented above. Receipts for all travel expenses will be provided promptly to the foundation.

Payment Schedule:

Invoices will be sent to the foundation in accordance with the following schedule:

- Upon signature of contract \$15,000
- November 1, 2004 \$14,000
- Upon receipt of final report \$15,000

AGB will be responsible for transferring payments to each of the participating consultants.

Other Terms:

Other standard terms and conditions of consulting contracts are incorporated herein as Attachment A



Accepted for:

University of Idaho Foundation

(Title)

Date

[Signature]

University of Idaho

V.P. Finance & Admin.

(Title)

8-21-04

Date

[Signature]
(AGB)

(Title)

Date

Executive VP

9/14/04

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REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: E. Gifts and Institutional Foundations

April 2002

E. Gifts and Institutional Foundations

1. Acceptance of Gifts

The Board may accept gifts, legacies, and devises (hereinafter "gifts") of real and personal property to the state of Idaho for the benefit of any institution, school or agency under its governance. Gifts worth more than \$10,000 must be accepted by the Board before the gift may be expended or otherwise used by the institution, school or agency. The chief executive officer of any institution, school or agency is authorized to receive, on behalf of the Board, gifts worth \$10,000 or less and of a routine nature. (Section 33-3714, Idaho Code.)

2. Institutional Foundations

a. Private support for public higher education is an accepted and firmly established practice throughout the United States. Tax-exempt foundations are one means of providing this valuable support to help public colleges and universities raise money through contributions.

b. The Board recognizes that foundations:

(1) Provide an opportunity for private individuals and organizations to contribute to college and university programs with the assurance that the benefits of their gifts supplement, not supplant, state appropriations to the institutions;

(2) Provide assurance to donors that their contributions will be distributed and utilized for specified purposes; and

(3) Create an effective forum for alumni and community leaders to help strengthen the colleges and universities through participation in the solicitation, management, and distribution of private gifts to these institutions.

c. The Board, aware of the value of tax-exempt foundation to the well being of our colleges and universities, adopts this policy with the following objectives:

(1) To preserve and encourage the operation of foundations associated with public colleges and universities in Idaho, and

(2) To ensure that foundations associated with Idaho public colleges and universities conduct their business responsibly according to applicable laws, regulations, and policies while fulfilling their obligation to contributors, to those who benefit from their programs, and to the general public.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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d. Definition of Foundations

Foundations are separate, legal entities, tax-exempt under Section 501(c) of the Internal Revenue Code of 1986, as amended, associated with a public college or university and established for the purpose of receiving, holding, and/or using funds from the private sector for charitable, scientific, cultural, educational, athletic, or related endeavors that support, enrich, and improve the institution. The institutions shall develop agreements, subject to Board approval, which define the relationship between the institutions and their related foundations. Technology transfer organizations, including the Idaho Research Foundation, are not subject to this policy.

e. Accountability

(1) The Board does not have direct control over such foundations. The Board does, however, have the responsibility to ensure that the institutions under its governance act responsibly and are accountable to the public and to the legislature. The Board also has the responsibility to protect the good names of the colleges and universities and ensure that activities conducted in their names are proper.

(2) The institutions may provide limited and reasonable support to such foundations, including but not limited to the cost of utilities, maintenance, and janitorial services, and all or part of the salary and related personnel costs of staff support, provided such support is authorized in the agreement referred to in *Definition of Foundations* above.

(3) The institutions shall ensure that foundations provide adequate insurance to cover their operations and the activities of their directors, officers, and employees. Foundations shall not operate on state property or on any property under the control of the Board unless liability insurance coverage in amounts of not less than statutorily prescribed minimums is in effect.

f. Conflict of Interest

Board members, administrative officers and officials and all other employees of the institutions, school and agencies are subject to the Board's conflict-of-interest policy as stated in Section I, Subsection G, of the Board's Governing Policies and Procedures and any other applicable laws or regulations.

g. Financial and Auditing Procedures

Agreements between the institutions and their foundations shall include the following provisions:

(1) The foundations shall maintain financial and accounting records in accordance with generally accepted accounting principles.

(2) The foundations shall be audited annually by a qualified firm of independent certified public accountants. The audit shall be conducted in accordance with generally accepted auditing standards. Copies of these audit reports shall be distributed to the chief executive officers and the Board.

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10, 2005

- (3) The audit reports shall contain the foundations' financial statements and the auditor's independent opinion regarding these financial statements. Donor anonymity shall be protected to the extent allowable by law.
- (4) The foundations shall permit the institutions and the Board to inspect and audit foundation books and records at reasonable times in order to ensure compliance with applicable laws, regulations, and policies.
- h. Transfers from Foundations to Institutions
 - (1) A formal procedure shall be established for institutions to accept gifts and donations transferred from the foundations. The institutions are not obligated to accept any gifts or donations from the foundations that are not consistent with the institutions' identified purposes and Board policies. In addition, the institutions shall not accept gifts or donations from the foundations if restrictive terms and conditions exist which do not comply with Board and institutional policies.
 - (2) A procedure shall be established to authorize transfers from the foundations to the institutions. All foundation transfers to the institutions shall be documented and reported annually to the chief executive officer of the institutions and the Board. Where restrictions apply to transfers, the foundations shall be certain that the institutions have access to any relevant documentation concerning donor intent.
 - (3) Transfers of real property from the foundations to the institutions are subject to all approvals required by Board policies for acceptance of gifts or real estate.
- i. Institutional Employees
 - Salaries, loans, perquisites, or other benefits provided to or on behalf of an institutional employee by foundations shall be:
 - (1) Approved by the Board
 - (2) Paid by the foundations to the institutions, which in turn will make payments to the employee in accordance with normal practices, except where the Board approves a different form of payment.
 - (3) All payments made from the foundations to institutional employees shall be paid through the institutions. Employees shall not receive any payments or other benefits directly from the foundations or athletic associations. This provision shall include reimbursements for expenses incurred for authorized institution and foundation purposes.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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- j. Foundation Employees
Employees hired by the foundations in positions solely funded by the same are not entitled to state employment rights and benefits. These appointments are not subject to Board approval.
- k. Capital Facilities
 - (1) When foundation-controlled resources are used to build or acquire facilities for the institution's use, these facilities shall be related to the needs and purposes of that institution. In addition, where state general account appropriated funds will be used in the construction, operation, or maintenance of such facilities, prior Board and legislative approval shall be obtained pursuant to Section 33-3805A, Idaho Code.
 - (2) Planning, design, and construction of such facilities shall be in accordance with all applicable building codes and state and federal laws. Plan review coupled with adequate communication shall be conducted in cooperation with appropriate agencies as required.
- l. Foundation Land Transactions
 - (1) When an institution's chief executive officer becomes aware that a foundation is considering the purchase of land for the eventual or possible future use by, donation to, or development for the benefit of the institution, the chief executive officer shall report such possible land acquisition to the Board in executive session pursuant to Idaho Code 67-2345 (1) (c).
 - (2) Such reporting shall be at the first Board meeting following the chief executive officer becoming aware of the possible land transaction.
- 3. Foundations for Other Agencies and ISDB
Other agencies and ISDB under the Board's jurisdiction may establish foundations to accept gifts made for the benefit of the agencies' or school's operating purposes. These agencies and school are subject to the same policies as the institutional foundations. However, agency/school foundations with annual revenues less than \$25,000 are not required to obtain an independent audit. These agencies/school must instead submit an annual report to the Board of gifts received and the disposition of such gifts.
- 4. Idaho Educational Public Broadcasting System Foundations and Friends Groups
Foundations and Friends groups that exist for the benefit of the Idaho Educational Public Broadcasting System (IEPBS) are required by Federal Communications Commission (FCC) regulations to have specific spending authority designated by the Board. Audits of the IEPBS Foundation and Friends groups will be conducted by the Legislative Auditor.

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10, 2005

- a. By action of the State Board of Education, the Idaho Educational Public Broadcasting System Foundation, Inc., has been designated to accept gifts made for the benefit of public television in the state of Idaho. The Foundation will conduct its activities in a manner consistent with the Federal Communications Commission (FCC) regulations and the FCC license held by the State Board of Education.
- b. By action of the State Board of Education, the Friends of Channel 4, Inc., has been designated to accept gifts made for the Benefit of KAID TV, Channel 4. The Friends of Channel 4, Inc., will conduct its activities in a manner consistent with the Federal Communications Commission (FCC) regulations and the FCC license held by the State Board of Education.
- c. By action of the State Board of Education, the Friends of Channel 10, Inc., has been designated to accept gifts made for the benefit of KISU TV, Channel 10. The Friends of Channel 10, Inc., will conduct its activities in a manner consistent with the Federal Communications Commission (FCC) regulations and the FCC license held by the State Board of Education.
- d. By action of the State Board of Education, the Friends of KUID, Inc., has been designated to accept gifts made for the benefit of KUID TV, Channel 12. The Friends of Channel 12, Inc., will conduct its activities in a manner consistent with the Federal Communications Commission (FCC) regulations and the FCC license held by the State Board of Education.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10 , 2005

INSTITUTION / AGENCY AGENDA
LEWIS-CLARK STATE COLLEGE

SUBJECT

Lewis-Clark State College requests approval to issue a Request for Proposals to select a contractor/developer and financing structure for a new Residence Hall.

APPLICABLE STATUTE, RULE, OR POLICY

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

REFERENCE

October 2004	LCSC informed Board of shortage of residence hall space.
December 2004	Board asked for a needs presentation and competitive RFP.
January 2005	Board asked for review of private enterprise building any necessary residence halls and/or advantages of self financing without a lease consideration.

BACKGROUND

Lewis-Clark State College has been pursuing a private/public partnership as a means of providing a method of providing needed housing for LCSC students. During the January 2005 meeting the Board asked that we pursue the possibility of allowing the need to be met through the private sector renting directly to students without a financial obligation to the College. In addition, the Board asked that LCSC pursue other funding alternatives rather than a lease arrangement guaranteeing a return to a private developer.

DISCUSSION

Lewis-Clark State College believes it is in need of new and modern student housing. A new residence hall would help the college in attaining goals in regard to student body growth and increased retention of students during the first two years on campus. New student housing will allow the college the flexibility to take portions of existing residence halls off-line in order to provide needed system upgrades including the safety and efficiency needs of those older structures.

Lewis-Clark State College contacted the City of Lewiston regarding the possibilities of private enterprise building "residence halls" adjacent or close to the main campus. The response indicated that because of the multiple rental units beyond the Normal Hill area where the College is situated and the density of multi-family units now available within the immediate area, the likelihood that a builder would act without a long-term agreement with the College appears remote. Lewiston realizes about 1.2% growth per year and has seen an increase in apartment units of 23 units in three years. Absent of the needs shown by the College, a proposed apartment project this year should meet future market demand for apartments for the next ten years.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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INSTITUTION / AGENCY AGENDA
LEWIS-CLARK STATE COLLEGE - continued

The College believes that, in any case, control of the structure and programs within the residence life area is important to the goals of the College. Providing a safe and supervised environment for first and second year students is paramount in the effort to improve the College's retention rate and providing a structured program to encourage activities that support academic success and positive interaction among students on campus.

Based on the information from the City of Lewiston, the College believes there are three financing models to consider for a new residence hall:

1. Use self-financing by using tax exempt revenue bonds.
2. Enter into a lease/purchase arrangement with a private developer.
3. Enter into a long term operating lease with a private developer.

Issue Tax Exempt Bonds

The advantages of using tax-exempt bonds include being able to control the development and construction of the project. In addition, at the end of the debt contract the College retains ownership of the asset. The cost of the land would not have to be financed, if the construction site was on campus.

Tax Exempt Revenue Bonds

124	Beds	277.6	sq ft total for bedroom and common areas
34,422	sq ft		
\$ 129	per sq ft		
\$ 100,000	Issuance costs		
\$ (275,000)	Land costs		
	Reserve		
\$ -	Requirement		
\$ 4,440,490	Total cost financed		
\$ 4,265,490			
25	years		
0.045	rate		
\$287,660.47	DS Payment		
\$71,915.12	Need 1.25 coverage for bond covenants		
\$144,574.08	Operating Costs (at 4.20 per sq ft)		
\$504,149.67	Total Annual Costs		
\$4,065.72	Annual cost per bed		
\$2,032.86	per semester		

INSTITUTION / AGENCY AGENDA
LEWIS-CLARK STATE COLLEGE - continued

The disadvantages include being responsible for major repairs and construction overruns and change orders. Additional costs are incurred for bond financing transaction costs and reserve requirements. One of the advantages could also be a disadvantage in that long term; the school has an asset that might, or might not be something the College values as trends and situations change.

The following analysis shows the impact on our students for a 124-bed facility, based on information we have been able to gather from local building contractors and costs in the area.

Lease/Purchase Agreement

The Lease/Purchase model has the same advantages and disadvantages of self-financing. The College's information from this method would yield approximately the same financial picture for our students as the self-financing method.

Long-Term Operating Lease

A long-term lease has the advantage of allowing a set payment from the College for each year of the life of the lease. The annual costs are less because of the lack of transaction costs and reserve requirements of issuing debt. Due to the financial advantages for the private developer of owning a structure with a guaranteed return on investment and ability to depreciate the asset over the life of the asset, this model yields a lower annual payment per student. The State is not committed to paying for an asset and would not have the responsibility of disposal if circumstances change and the structure is not needed.

The disadvantage is that the College would not have an asset at the end of the debt period and would need to plan and consider options for students well in advance of the lease termination date.

The financial impact to our students using information for the same 124 bed residence hall evaluated above in the self financing section shows less is needed on a per bed basis than the other models:

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10 , 2005

INSTITUTION / AGENCY AGENDA
LEWIS-CLARK STATE COLLEGE - continued

Private/ Public Partnership/Operating Lease

124	Beds	277.6	Sq ft total for bedroom and common areas
34,422	sq ft		
\$114	per sq ft		
25	year lease term		
0.075	Amortization rate		
\$ 3,906,942	Total Project Cost		
\$350,494.43	Annual lease costs		
\$144,574.08	Operating Costs (at 4.20 per sq ft)		
\$495,068.51	Total Annual Cost		
\$3,992.49	Annual cost per bed		
\$1,996.24	per semester		

Lewis-Clark State College is now growing and desires to continue the growth trend established over last four years. In order to prepare for and encourage growth and access, the College believes that a new residence hall is necessary. Based on the factors identified and discussed, the College believes this is not a financial question, but a question of whether the College should own or allow the private sector to build and own the structure. Therefore, the College is asking approval to develop a Request for Proposal (RFP) in cooperation with the Division of Public Works to explore the methods of financing listed above and present the results of the RFP to the State Board of Education upon completion with a recommendation and a request for approval to move forward based on those results.

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

LCSC states the disadvantages of the bonding option include being responsible for construction overruns, change orders and major repairs after construction. Major repairs are always unpredictable, as are construction overruns and change orders, which would be present in the bonding option.

Not owning the building at the end of the lease period can be considered a significant issue. Following 25 years of payments the College could certainly walk away from any future financial obligations, but would also lose residence capacity. However, the need for residence capacity in the future is an unknown.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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INSTITUTION / AGENCY AGENDA
LEWIS-CLARK STATE COLLEGE - continued

The College estimates that total annual cost for the building would be \$9,081 less under the lease proposal versus the bond option, which totals \$227,025 over 25 years. However, included in the annual costs under the bond option is the bond covenant coverage of 125%, or \$79,233 (25% of annual debt service of \$287,660). While the College must annually cover the coverage amount with student rental revenue, once collected it can be used for other institutional purposes and is thus not a true annual cash outflow. In comparing lease vs. buy options, annual cash outflows must be considered. Therefore, the annual savings starting in year two under the bond option would be \$62,834, or a net savings of \$1,498,935 over 25 years.

Although situations regarding student housing preferences will most likely change over time, having ownership of a new residential facility allows for longer-term planning for overall residential space, including the likely potential that existing space would undergo a major renovation or demolition due to age.

Cost to students is certainly a major factor to be considered. The existing LCSC 9-month (two semester) rate for residential housing is approximately \$1,700. The lease option would raise that to approximately \$4,000; the bond option to approximately \$3,485 per year after removing the bond covenant coverage costs.

Following the initial step of developing/distributing a Request For Proposal, the next steps for Board consideration using the bond option would be: selection of an architect, design of the facility, and selection of a contractor to begin construction. All steps would occur with concurrent involvement by the state Division of Public Works (DPW). For the lease option, the next steps for Board consideration would be: permission to enter into an agreement with the successful lessor, and approval of lease agreement, again, with DPW involvement. Any changes to the lease might require Board or Executive Director approval, per existing Board policy. For both steps, the institution would provide interim reports to the Board throughout as the project progressed.

Staff continues to maintain that Lewis-Clark State College has a need for additional residential space on or adjacent to the campus. Having students reside off-campus at a commercial hotel is not conducive to campus life. In addition, the College will eventually require additional space for students to accommodate renovation of existing residential space.

Staff analysis shows the 25-year cost to bond is less expensive than the private/public partnership proposed by the College. However, the College's original preference was for the long-term public/private lease option. The Board, then, has before it a philosophical decision regarding building ownership for the residence hall. Staff makes no recommendation regarding course of action.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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INSTITUTION / AGENCY AGENDA
LEWIS-CLARK STATE COLLEGE - continued

BOARD ACTION

A motion to approve Lewis-Clark State College to move forward, in cooperation with the Division of Public Works, to develop and distribute a Request for Proposal to private developers to design and build a residence hall for the College to be leased back by the College over a period of 25 years.

Moved by _____ Seconded by _____ Carried Yes ____ No ____

OR

A motion to approve Lewis-Clark State College to move forward, in cooperation with the Division of Public Works, with planning for a new residence hall for the College, to be financed with tax-exempt bonds.

Moved by _____ Seconded by _____ Carried Yes ____ No ____

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.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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- 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.

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10, 2005

INSTITUTION / AGENCY AGENDA
LEWIS-CLARK STATE COLLEGE

SUBJECT

Lewis-Clark State College requests approval to purchase property.

APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.I.2.
and V.I.5.b.

REFERENCE

N/A

BACKGROUND

The Campus Master Plan indicates a long-range need for the college to acquire additional property near campus to eventually be used for expansion and/or parking. The property listed below is directly across the street on the east side of Harris Field.

	<u>Appraisal Price</u>	<u>Purchase Price</u>
Property: 1011 6 th Street, Lewiston	\$105,000	\$105,000

DISCUSSION

The property will function as a rental unit for the college until a further need is developed.

IMPACT

The purchase price of \$105,000 is the appraised value and will be taken from institutional reserves. Rental income generated will offset purchase price.

STAFF COMMENTS AND RECOMMENDATIONS

Staff has reviewed the agenda item and notes the College has attached a current appraisal for Board review. The cost approach for this purchase is \$95,954 and the sales comparison price is \$105,500.

Staff recommends approval of this request.

BOARD ACTION

A motion by Lewis-Clark State College to approve the purchase of property located at 1011 6th Street, Lewiston, Idaho, for the appraised value of \$105,000, and to delegate signature authority in regard to such transaction to the Vice President for Administrative Services at Lewis-Clark State College.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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EXHIBIT A



APPRAISAL OF REAL PROPERTY

LOCATED AT:

1011 6th St
PARK ADDITION: LOT 10, BLOCK 31
LEWISTON, ID 83501-2802

FOR:

LEWIS-CLARK STATE COLLEGE
ADMINISTRATIVE SERVICES
LEWISTON, ID 83501

AS OF:

11/30/2004

BY:

ANDY JOHANSEN & JOSEPH W. SCOTT
WESTERN APPRAISALS
1014 MAIN STREET
LEWISTON, ID 83501
(208) 746-9891

Summary Appraisal Report
Property Description

UNIFORM RESIDENTIAL APPRAISAL REPORT

SUMMARY APP. RPT.

File No. RL5270

SUBJECT	Property Address 1011 6th St		City LEWISTON		State ID		Zip Code 83501-2802							
	Legal Description PARK ADDITION: LOT 10, BLOCK 31				County NEZ PERCE									
	Assessor's Parcel No. RPL11200310100A				Tax Year 2004		R.E. Taxes \$ 2,096.02							
	Borrower N/A		Current Owner GLEN G & MONICA GALINDO		Occupant: <input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant <input type="checkbox"/> Vacant									
	Property rights appraised <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold		Project Type <input type="checkbox"/> PUD <input type="checkbox"/> Condominium (HUD/VA only)		HOA \$ N/A		/Mo.							
	Neighborhood or Project Name N/A		Map Reference 35-A		Census Tract 9904.00									
	Sale Price \$ N/A		Date of Sale N/A		Description and \$ amount of loan charges/concessions to be paid by seller N/A									
	Lender/Client LEWIS-CLARK STATE COLLEGE		Address ADMINISTRATIVE SERVICES 500 8TH AVENUE, LEWISTON, ID 83501											
	Appraiser JOSEPH W. SCOTT		Address WESTERN APPRAISAL 1014 MAIN STREET, LEWISTON, ID 83501											
	NEIGHBORHOOD	Location <input checked="" type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural		Predominant occupancy <input checked="" type="checkbox"/> Owner 85% <input type="checkbox"/> Tenant <input checked="" type="checkbox"/> Vacant (0-5%) <input type="checkbox"/> Vac.(over 5%)		Single family housing PRICE \$(000) AGE (yrs) 45 Low 1 350 High 100		Present land use % One family 80% 2-4 family 7% Multi-family 5% Commercial 3% Vacant 5%		Land use change <input checked="" type="checkbox"/> Not likely <input type="checkbox"/> Likely <input type="checkbox"/> In process To:				
Built up <input checked="" type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%														
Growth rate <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow														
Property values <input checked="" type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Declining														
Demand/supply <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In balance <input type="checkbox"/> Over supply														
Marketing time <input type="checkbox"/> Under 3 mos. <input checked="" type="checkbox"/> 3-6 mos. <input type="checkbox"/> Over 6 mos.														
Note: Race and the racial composition of the neighborhood are not appraisal factors.														
Neighborhood boundaries and characteristics: THE BOUNDARIES ARE CLEARWATER RIVER NORTH, LEWISTON ORCHARDS SOUTH, OLD GUN CLUB ROAD EAST, SNAKE RIVER & CLARKSTON WEST. NEIGHBORHOOD IS SINGLE FAMILY AND SOME MULTI-FAMILY WITH VARIOUS AGES, STYLES, SIZES, AND ACREAGE.														
Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.): THE SUBJECT IS LOCATED IN THE NORMAL HILL AREA OF LEWISTON ON THE EAST SIDE OF LEWIS-CLARK STATE COLLEGE, SURROUNDED PRIMARILY BY SINGLE FAMILY RESIDENTS WITH SOME MULTI-FAMILY AND SPOT COMMERCIAL ALONG RESIDENTIAL ARTERIAL STREETS. EMPLOYMENT, SCHOOLS, AND SHOPPING ARE A SHORT COMMUTE AWAY. MAJOR EMPLOYERS INCLUDE POTLATCH CORP., BLOUNT, AND SAINT JOSEPH'S REGIONAL MEDICAL CENTER. EMPLOYMENT IS STABLE AND CONSISTENT WITH NATIONAL ECONOMIC SITUATION. THERE ARE NO APPARENT ADVERSE FACTORS WHICH AFFECT MARKETABILITY. A LIMITED PUBLIC TRANSIT SYSTEM BEGAN OPERATION IN JANUARY 2002.														
Market conditions in the subject neighborhood (including support for the above conclusions related to the trend of property values, demand/supply, and marketing time -- such as data on competitive properties for sale in the neighborhood, description of the prevalence of sales and financing concessions, etc.): THE NUMBER OF SALES HAVE INCREASED SLIGHTLY IN THE PAST YEAR DUE TO LOW INTEREST RATES, BUT SUPPLY AND DEMAND SEEM TO BE STABLE WITH VALUES INCREASING SLIGHTLY. MLS STATISTICS INDICATE AN AVERAGE MARKET OF 109 DAYS WITH SALES AT 98.07% OF LIST. INTEREST RATES ARE NEAR 6.0% FOR A 30 YEAR FIXED RATE MORTGAGE. MANY ARE REFINANCING THEIR CURRENT HOMES AND FIRST TIME BUYERS HAVE A STRONG INCENTIVE TO ENTER THE MARKET. NEW CONSTRUCTION CONTINUES AT A DECREASED LEVEL.														
PUD	Project Information for PUDs (If applicable) - - Is the developer/builder in control of the Home Owners' Association (HOA)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No													
	Approximate total number of units in the subject project N/A					Approximate total number of units for sale in the subject project N/A								
SITE	Describe common elements and recreational facilities: N/A													
	Dimensions 50' X 142'					Topography LEVEL								
	Site area 7,100 SQ FT (0.16 ACRES) Corner Lot <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					Size AVERAGE								
	Specific zoning classification and description R-3 MEDIUM DENSITY RESIDENTIAL, 7200 SF MIN					Shape RECTANGULAR								
	Zoning compliance <input type="checkbox"/> Legal <input checked="" type="checkbox"/> Legal nonconforming (Grandfathered use) <input type="checkbox"/> Illegal <input type="checkbox"/> No zoning					Drainage APPEARS ADEQUATE								
	Highest & best use as improved: <input checked="" type="checkbox"/> Present use <input type="checkbox"/> Other use (explain)					View LOCAL								
	Utilities Public Other		Off-site Improvements Type Public Private			Landscaping ADEQUATE LAWN & TREES								
	Electricity <input checked="" type="checkbox"/> OVERHEAD		Street ASPHALT <input checked="" type="checkbox"/> <input type="checkbox"/>			Driveway Surface GRAVEL								
	Gas <input checked="" type="checkbox"/>		Curb/gutter CONCRETE <input checked="" type="checkbox"/> <input type="checkbox"/>			Apparent easements TYPICAL-UTILITY								
	Water <input checked="" type="checkbox"/>		Sidewalk CONCRETE <input checked="" type="checkbox"/> <input type="checkbox"/>			FEMA Special Flood Hazard Area <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No								
Sanitary sewer <input checked="" type="checkbox"/>		Street lights ELECTRIC <input checked="" type="checkbox"/> <input type="checkbox"/>			FEMA Zone C Map Date 1/20/1982									
Storm sewer <input checked="" type="checkbox"/>		Alley GRAVEL <input checked="" type="checkbox"/> <input type="checkbox"/>			FEMA Map No. 1601040003B									
Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning use, etc.): NO APPARENT ADVERSE EASEMENTS OR ENCROACHMENTS WERE NOTED. ZONING IS NONCONFORMING AS CURRENT REQUIREMENT IS 7200 SQ FT WITH UP TO 3 UNITS AND 2500 SQ FT PER UNIT. CITY ZONING OFFICE REPORTS THAT IF THE HOME WERE DESTROYED, IT COULD BE REBUILT.														
DESCRIPTION OF IMPROVEMENTS	GENERAL DESCRIPTION		EXTERIOR DESCRIPTION		FOUNDATION		BASEMENT		INSULATION					
	No. of Units ONE		Foundation PRD CONCRETE		Slab NO		Area Sq. Ft. 731		Roof <input type="checkbox"/>					
	No. of Stories 1 STY		Exterior Walls HARDBOARD		Crawl Space PART		% Finished 696 FIN		Ceiling UNK <input checked="" type="checkbox"/>					
	Type (Det./Att.) DETACHED		Roof Surface WD SHAKE		Basement PART		Ceiling DRYWALL, TILE		Walls UNK <input checked="" type="checkbox"/>					
	Design (Style) 1 STY/BSMT		Gutters & Dwnspts. NONE		Sump Pump NONE		Walls CONC, PANEL		Floor <input type="checkbox"/>					
	Existing/Proposed EXISTING		Window Type METAL		Dampness NONE OBSERVED		Floor CARPET, VINYL		None <input type="checkbox"/>					
	Age (Yrs.) 1929		Storm/Screens MIX		Settlement NONE OBSERVED		Outside Entry NO		Unknown <input type="checkbox"/>					
	Effective Age (Yrs.) 50 - 60		Manufactured House NO		Infestation NONE OBSERVED									
	ROOMS		Foyer	Living	Dining	Kitchen	Den	Family Rm.	Rec. Rm.	Bedrooms	# Baths	Laundry	Other	Area Sq. Ft.
	Basement							1		1	1		FURNACE	731
Level 1			1	1	1				2	1			857	
Level 2														
Finished area above grade contains: 5 Rooms; 2 Bedroom(s); 1 Bath(s); 857 Square Feet of Gross Living Area														
INTERIOR		Materials/Condition		HEATING GFA/CAC		KITCHEN EQUIP.		ATTIC		AMENITIES		CAR STORAGE: 1 GAR/2 CPT		
Floors CARPET, VINYL/AVG		Type FA		Fuel GAS		Refrigerator <input type="checkbox"/>		None <input type="checkbox"/>		Fireplace(s) # 1 FRPL <input checked="" type="checkbox"/>		None <input type="checkbox"/>		
Walls DRYWALL, PANELING/AVG		Condition AVG		Range/Oven <input checked="" type="checkbox"/>		Disposal <input checked="" type="checkbox"/>		Stairs <input type="checkbox"/>		Patio COV. CONC <input checked="" type="checkbox"/>		Garage # of cars		
Trim/Finish WOOD/AVG		COOLING CAC		Dishwasher <input checked="" type="checkbox"/>		Drop Stair <input type="checkbox"/>		Scuttle <input checked="" type="checkbox"/>		Deck NONE <input type="checkbox"/>		Attached N/A		
Bath Floor VINYL/AVG		Central YES		Fan/Hood <input checked="" type="checkbox"/>		Floor <input type="checkbox"/>		Fence NONE <input type="checkbox"/>		Porch COV. WOOD <input checked="" type="checkbox"/>		Detached 1		
Bath Wainscot TILE/AVG		Other N/A		Microwave <input type="checkbox"/>		Heated <input type="checkbox"/>		Pool NONE <input type="checkbox"/>		Built-In N/A				
Doors WOOD/AVG		Condition AVG		Washer/Dryer <input type="checkbox"/>		Finished <input type="checkbox"/>				Carport 2				
										Driveway 3				
COMMENTS	Additional features (special energy efficient items, etc.): ENERGY FEATURES HAVE BEEN UPGRADED. THE HOME HAS GAS FORCED AIR HEATING AND CENTRAL AIR CONDITIONING. THE AMOUNT OF INSULATION IS UNKNOWN.													
	Condition of the improvements, depreciation (physical, functional, and external), repairs needed, quality of construction, remodeling/additions, etc.: NO FUNCTIONAL OR EXTERNAL LOSS NOTED. THE SUBJECT APPEARS TO BE WELL MAINTAINED AND IN AVERAGE CONDITION. THE HOUSE IS RENTED FOR \$600 A MONTH WITH THE TENANTS PAYING FOR ALL THE UTILITIES AS REPORTED BY ONE OF THE TENANTS. THE SUBJECT IS LOCATED ACROSS THE STREET FROM THE COLLEGE BASEBALL FIELD WHICH WOULD SEEM TO BE A NEGATIVE, HOWEVER, BECAUSE IT IS SO CLOSE TO CAMPUS THE LOCATION ADVANTAGE OVERRIDES THE NEGATIVE.													
	Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property.: NO APPARENT ADVERSE CONDITIONS WERE NOTED.													

Valuation Section

UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. RL5270

COST APPROACH

ESTIMATED SITE VALUE = \$ 20,000

ESTIMATED REPRODUCTION COST-NEW-OF IMPROVEMENTS:

Dwelling 857 Sq. Ft. @ \$ 67.49 = \$ 57,839

731 Sq. Ft. @ \$ 32.49 = 23,750

APPLIANCES, COVERED PATIO, COVERED PORCH = 6,350

Garage/Carport 759 Sq. Ft. @ \$ 16.81 = 12,759

Total Estimated Cost New = \$ 100,698

Less Physical Functional External

Depreciation 35,244 = \$ 35,244

Depreciated Value of Improvements = \$ 65,454

"As-is" Value of Site Improvements = \$ 10,500

INDICATED VALUE BY COST APPROACH = \$ 95,954

Comments on Cost Approach (such as, source of cost estimate, site value, square foot calculation and for HUD, VA and FmHA, the estimated remaining economic life of the property): SITE VALUE BASED ON REVIEW OF RECENT LAND SALES. COST DEVELOPED FROM MARSHALL AND SWIFT COST MANUAL. VERIFIED BY APPRAISER'S FILES AND LOCAL COST DATA. PHYSICAL DEPRECIATION IS BASED ON AGE/LIFE METHOD ADJUSTED FOR LOCAL MARKET. PLEASE SEE ATTACHED SKETCH FOR HOUSE DIMENSIONS.

ECONOMIC LIFE: 35 YEARS REMAINING.

SALES COMPARISON ANALYSIS

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
1011 6TH STREET		1906 14TH AVENUE	703 9TH AVENUE	1422 3RD STREET
Address LEWISTON, ID		LEWISTON, ID	LEWISTON, ID	LEWISTON, ID
Proximity to Subject		0.96 miles	0.12 miles	0.37 miles
Sales Price	\$ N/A	\$ 102,000	\$ 102,000	\$ 109,000
Price/Gross Living Area	\$ 120.00	\$ 122.16	\$ 88.47	
Data and/or Verification Source	TENANT INSPECTION	MLS LISTING AGENT	MLS LISTING AGENT	MLS LISTING AGENT
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION + (-)\$ Adjust.	DESCRIPTION + (-)\$ Adjust.	DESCRIPTION + (-)\$ Adjust.
Sales or Financing Concessions	VA	-1,000	CONVENTIONAL	CONVENTIONAL
Date of Sale/Time		11/23/2004	7/02/2004	8/11/2004
Location	LEWISTON	LEWISTON	LEWISTON	LEWISTON
Leasehold/Fee Simple	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE
Site	0.16 ACRES	0.16 ACRES	0.08 ACRES +1,000	0.20 ACRES
View	LOCAL	LOCAL	LOCAL	LOCAL
Design and Appeal	1 STY/BSMT	1 STY/BSMT	1 STY/BSMT	1 STY/BSMT
Quality of Construction	AVERAGE	AVERAGE	AVERAGE	AVERAGE
Age	1929 EFF1955	1952 +900	1937 EFF1955	1930 EFF1955
Condition	AVERAGE	AVERAGE	AVERAGE	AVERAGE
Above Grade	Total Bdrms Baths	Total Bdrms Baths	Total Bdrms Baths	Total Bdrms Baths
Room Count	5 2 1	5 2 1	4 2 1	4 2 1
Gross Living Area	857 Sq. Ft.	850 Sq. Ft.	835 Sq. Ft. +400	1,232 Sq. Ft. -6,000
Basement & Finished	731	850 -600	835 -500	432 +1,500
Rooms Below Grade	696 FIN	638 FIN +400	835 FIN -1,000	432 FIN +1,800
Functional Utility	AVERAGE	AVERAGE	AVERAGE	AVERAGE
Heating/Cooling	GFA/CAC	GFA/CAC	GFA/CAC	GFA/NONE +1,000
Energy Efficient Items	AVERAGE	AVERAGE	AVERAGE	AVERAGE
Garage/Carport	1 GAR/2 CPT	1 CPT/DET +3,500	1 GAR/DET +2,000	2 CPT/DET +2,500
Porch, Patio, Deck, Fireplace(s), etc.	CV PAT & POR, PATIO 1 FRPL	PORCH NONE +1,000	CV POR, PAT, GAZEBO NONE +1,000	CV POR, PAT, DECK 1 FRPL
Fence, Pool, etc.	NONE	FENCE -500	FENCE -500	FENCE -500
Extra Amenities	NONE	NONE	NONE	UGSS -1,200
Net Adj. (total)		⊗ + ⊠ - \$ 3,700	⊗ + ⊠ - \$ 2,400	⊠ + ⊗ - \$ 900
Adjusted Sales Price of Comparable		Net 3.6 % Gross 7.7 % \$ 105,700	Net 2.4 % Gross 6.3 % \$ 104,400	Net 0.8 % Gross 13.3 % \$ 108,100

Comments on Sales Comparison (including the subject property's compatibility to the neighborhood, etc.): SEE ADDITIONAL COMPARABLES ADDENDUM FOR COMMENTS ON SALES COMPARISON. AN ADDITIONAL SALE HAS BEEN ADDED TO BOLSTER SUPPORT FOR THE VALUE CONCLUSION OF THE SUBJECT PROPERTY.

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Date, Price and Data	10/30/2003	NONE KNOWN	NONE KNOWN	NONE KNOWN
Source, for prior sales within year of appraisal	\$88,900 MLS #99207			

Analysis of any current agreement of sale, option, or listing of subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal: THE SUBJECT SOLD ON 10/30/2003 FOR \$88,900 FROM VOGEL TO GALINDO. SALES COMPARISONS HAVE NOT RESOLD IN THE PAST YEAR.

INDICATED VALUE BY SALES COMPARISON APPROACH \$ 105,000

INDICATED VALUE BY INCOME APPROACH (if Applicable) Estimated Market Rent \$ N/A /Mo. x Gross Rent Multiplier N/A = \$

RECONCILIATION

This appraisal is made ☒ "as is" ☐ subject to the repairs, alterations, inspections or conditions listed below ☐ subject to completion per plans & specifications.

Conditions of Appraisal: NO PERSONAL PROPERTY INCLUDED IN VALUE.

Final Reconciliation: MOST WEIGHT PLACED ON THE COMPARABLE SALES AS THIS APPROACH BEST DEPICTS WHAT THE BUYERS AND SELLERS ARE CURRENTLY DOING IN THE MARKET. SECONDARY WEIGHT PLACED ON THE COST APPROACH WITH LIMITED SALES AVAILABLE. THE INCOME APPROACH NOT UTILIZED AS SINGLE FAMILY RESIDENTIAL'S ARE NOT TYPICALLY PURCHASED FOR THE CREATION OF AN INCOME STREAM.

The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, contingent and limiting conditions, and market value definition that are stated in the attached Freddie Mac Form 439/FNMA form 1004B (Revised 6/93).

I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF 11/30/2004

(WHK HIS REPORT) TO BE \$ 105,000

APPF SUPER' UIED):

Signa Andy Johansen

Name JOSEPH W. SCOTT Name ANDY JOHANSEN

Date December 07, 2004 Date Report Signed December 07, 2004

State IN-TRAINING State ID State Certification # CRA# 148 State ID

Or State License # State Or State License # State

Freddie Mac Form 70 6/93 PAGE 2 OF 2 Fannie Mae Form 1004 6-93 Form UA2 — "TOTAL for Windows" appraisal software by a la mode, inc. — 1-800-ALAMODE

BAHR - SECTION II

TAB 4 Page 5

UNIFORM RESIDENTIAL APPRAISAL REPORT
MARKET DATA ANALYSIS

SALES COMPARISON ANALYSIS

These recent sales of properties are most similar and proximate to subject and have been considered in the market analysis. The description includes a dollar adjustment, reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to, or more favorable than, the subject property, a minus (-) adjustment is made, thus reducing the indicated value of the subject. If a significant item in the comparable is inferior to, or less favorable than, the subject property, a plus (+) adjustment is made, thus increasing the indicated value of the subject.

ITEM	SUBJECT	COMPARABLE NO. 4		COMPARABLE NO. 5		COMPARABLE NO. 6	
1011 6TH STREET Address LEWISTON, ID		420 4TH STREET LEWISTON, ID					
Proximity to Subject		0.47 miles					
Sales Price	\$ N/A	\$	97,901	\$		\$	
Price/Gross Living Area	\$ 7	\$ 112.79 7		\$ 7		\$ 7	
Data and/or Verification Sources	TENANT INSPECTION	MLS LISTING AGENT					
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+ (-)\$ Adjust.	DESCRIPTION	+ (-)\$ Adjust.	DESCRIPTION	+ (-)\$ Adjust.
Sales or Financing Concessions		FHA	-1,000				
Date of Sale/Time		6/25/2004					
Location	LEWISTON	LEWISTON					
Leasehold/Fee Simple	FEE SIMPLE	FEE SIMPLE					
Site	0.16 ACRES	0.07 ACRES +1,000					
View	LOCAL	LOCAL					
Design and Appeal	1 STY/BSMT	1 STY/BSMT					
Quality of Construction	AVERAGE	AVERAGE					
Age	1929 EFF1955	1941 EFF1955					
Condition	AVERAGE	AVERAGE MINUS +5,000					
Above Grade Room Count	Total Bdrms Baths 5 2 1	Total Bdrms Baths 4 2 1		Total Bdrms Baths		Total Bdrms Baths	
Gross Living Area	857 Sq. Ft.	868 Sq. Ft.		Sq. Ft.		Sq. Ft.	
Basement & Finished Rooms Below Grade	731 696 FIN	868 651 FIN	-700 +300				
Functional Utility	AVERAGE	AVERAGE					
Heating/Cooling	GFA/CAC	GFA/CAC					
Energy Efficient Items	AVERAGE	AVERAGE					
Garage/Carport	1 GAR/2 CPT	1 GAR/ATT +2,000					
Porch, Patio, Deck, Fireplace(s), etc.	CV PAT & POR, PATIO 1 FRPL	PATIO 1 FRPL					
Fence, Pool, etc.	NONE	NONE					
Extra Amenities	NONE	UGSS -1,200					
Net Adj. (total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$	5,400	<input type="checkbox"/> + <input type="checkbox"/> - \$		<input type="checkbox"/> + <input type="checkbox"/> - \$	
Adjusted Sales Price of Comparable		Net 5.5 % Gross 11.4 %	\$ 103,301	Net % Gross %	\$	Net % Gross %	\$
Date, Price and Data Source for prior sales within year of appraisal	10/30/2003 \$88,900 MLS #99207	NONE KNOWN					

COMMENTS

Comments: THE SUBJECT IS A ONE STORY HOME WITH A PARTIAL BASEMENT. THE MAIN FLOOR HAS A LIVING ROOM WITH A FIREPLACE, KITCHEN, DINING ROOM, TWO BEDROOMS, AND A BATHROOM. THE BASEMENT HAS A FAMILY ROOM, BEDROOM, BATHROOM, LAUNDRY ROOM, AND FURNACE/STORAGE ROOM. THE PROPERTY HAS A DETACHED ONE CAR GARAGE WITH A TWO CAR CARPORT. THE HOME HAS BEEN UPDATED AND WELL MAINTAINED AND GIVEN AN EFFECTIVE AGE OF 1955.

SALES 2, 3, AND 4 HAVE BEEN UPDATED LIKE THE SUBJECT AND GIVEN AN EFFECTIVE AGE OF 1955.

SALE 1 IS A NEWER IN AGE AND SIMILAR IN SIZE. THE PROPERTY LACKS EXTRA CAR STORAGE AND A FIREPLACE, BUT HAS A FENCE. THE SALE IS ADJUSTED FOR FAVORABLE FINANCING.

SALE 2 HAS MORE FINISHED BASEMENT AREA. THE PROPERTY LACKS ACREAGE, EXTRA CAR STORAGE, FIREPLACE, BUT HAS A FENCE.

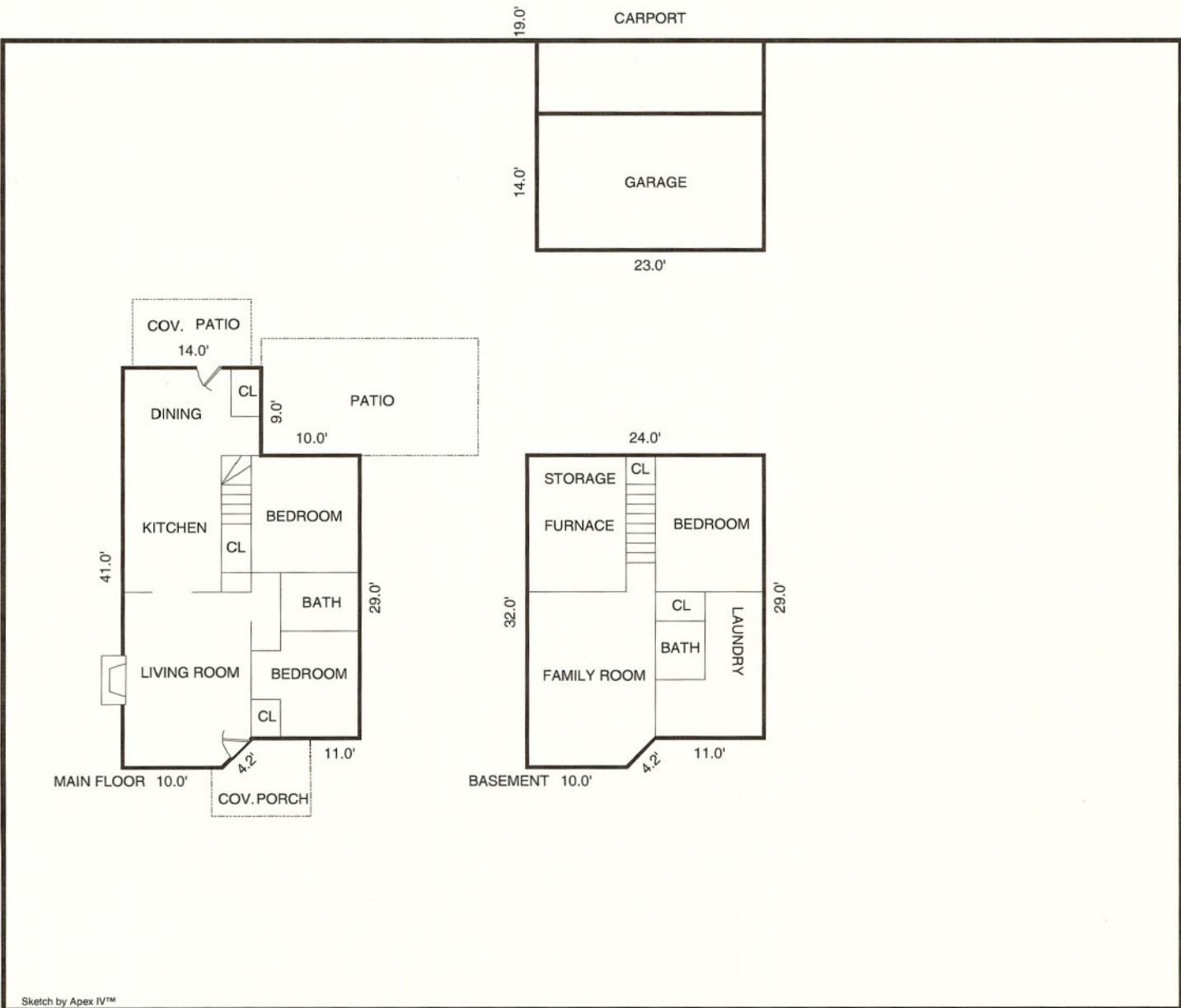
SALE 3 IS SIMILAR IN AGE AND GROSS LIVING AREA ON THE MAIN FLOOR AND IN THE BASEMENT. THE HOME HAS MORE LIVING SPACE ON THE MAIN LEVEL AND LESS BASEMENT AREA THAN THE SUBJECT. THE PROPERTY LACKS EXTRA CAR STORAGE AND AIR-CONDITIONING, BUT HAS A FENCE AND UNDERGROUND SPRINKLER SYSTEM.

SALE 4 IS ADJUSTED FOR FAVORABLE FINANCING. THE HOME IS SLIGHTLY LARGER BUT IN INFERIOR CONDITION. THE LOT IS SMALLER THAN THE SUBJECT. THE PROPERTY LACKS CAR STORAGE, BUT HAS AN UNDERGROUND SPRINKLER SYSTEM.

EQUAL CONSIDERATION IS GIVEN TO ALL SALES FOR AN INDICATION OF MARKET VALUE.

Building Sketch (Page - 1)

Borrower/Client N/A				
Property Address 1011 6th St				
City LEWISTON	County NEZ PERCE	23.0'	State ID	Zip Code 83501-2802
Lender LEWIS-CLARK STATE COLLEGE				



Sketch by Apex IV™

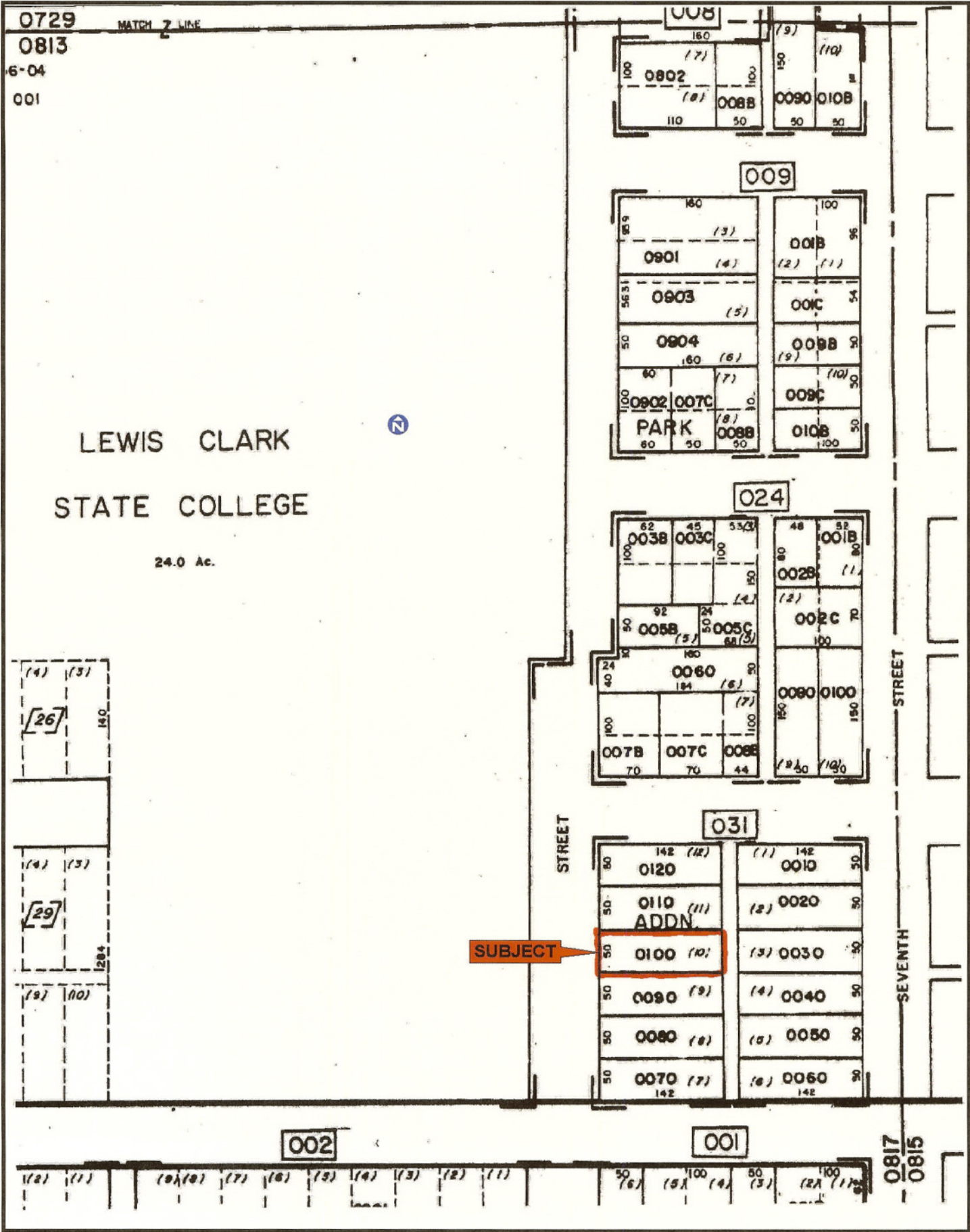
Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Size	Net Totals
GLA1	First Floor	856.50	856.50
BSMT	Basement	730.50	730.50
P/P	Covered Patio	84.00	
	Patio	264.00	
	Covered Porch	72.50	420.50
GAR	Garage	322.00	
	Carport	437.00	759.00
TOTAL LIVABLE (rounded)			857

LIVING AREA BREAKDOWN			
Breakdown			Subtotals
First Floor			
0.5 x	3.0 x	3.0	4.50
	14.0 x	29.0	406.00
	10.0 x	32.0	320.00
	9.0 x	14.0	126.00
4 Calculations Total (rounded)			857

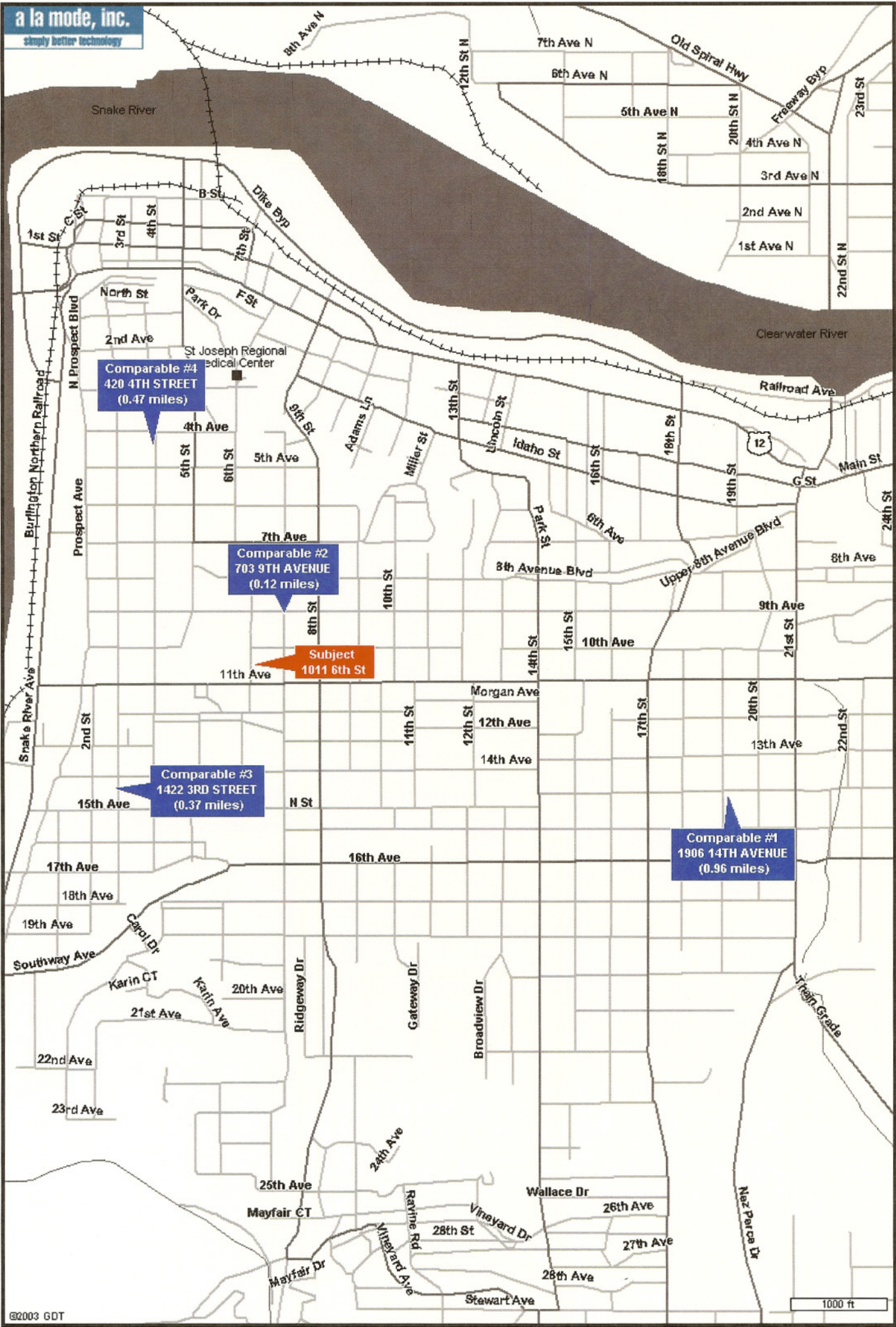
Plat Map

Borrower/Client N/A			
Property Address 1011 6th St			
City LEWISTON	County NEZ PERCE	State ID	Zip Code 83501-2802
Lender LEWIS-CLARK STATE COLLEGE			



Location Map

Borrower/Client N/A			
Property Address 1011 6th St			
City LEWISTON	County NEZ PERCE	State ID	Zip Code 83501-2802
Lender LEWIS-CLARK STATE COLLEGE			



Subject Photo Page

Borrower/Client N/A				
Property Address 1011 6th St				
City LEWISTON	County NEZ PERCE	State ID	Zip Code	83501-2802
Lender LEWIS-CLARK STATE COLLEGE				

Subject Front

1011 6TH STREET	
Sales Price	N/A
Gross Living Area	857
Total Rooms	5
Total Bedrooms	2
Total Bathrooms	1
Location	LEWISTON
View	LOCAL
Site	0.16 ACRES
Quality	AVERAGE
Age	1929 EFF1955



Subject Rear



Subject Street



Comparable Photo Page

Borrower/Client N/A				
Property Address 1011 6th St				
City LEWISTON	County NEZ PERCE	State ID	Zip Code 83501-2802	
Lender LEWIS-CLARK STATE COLLEGE				



Comparable 1

1906 14TH AVENUE	
Prox. to Subject	0.96 miles
Sale Price	102,000
Gross Living Area	850
Total Rooms	5
Total Bedrooms	2
Total Bathrooms	1
Location	LEWISTON
View	LOCAL
Site	0.16 ACRES
Quality	AVERAGE
Age	1952



Comparable 2

703 9TH AVENUE	
Prox. to Subject	0.12 miles
Sale Price	102,000
Gross Living Area	835
Total Rooms	4
Total Bedrooms	2
Total Bathrooms	1
Location	LEWISTON
View	LOCAL
Site	0.08 ACRES
Quality	AVERAGE
Age	1937 EFF1955



Comparable 3

1422 3RD STREET	
Prox. to Subject	0.37 miles
Sale Price	109,000
Gross Living Area	1,232
Total Rooms	4
Total Bedrooms	2
Total Bathrooms	1
Location	LEWISTON
View	LOCAL
Site	0.20 ACRES
Quality	AVERAGE
Age	1930 EFF1955

Comparable Photo Page

Borrower/Client N/A				
Property Address 1011 6th St				
City LEWISTON	County NEZ PERCE	State ID	Zip Code 83501-2802	
Lender LEWIS-CLARK STATE COLLEGE				



Comparable 4

420 4TH STREET	
Prox. to Subject	0.47 miles
Sale Price	97,901
Gross Living Area	868
Total Rooms	4
Total Bedrooms	2
Total Bathrooms	1
Location	LEWISTON
View	LOCAL
Site	0.07 ACRES
Quality	AVERAGE
Age	1941 EFF1955

Comparable 5

Prox. to Subject
Sale Price
Gross Living Area
Total Rooms
Total Bedrooms
Total Bathrooms
Location
View
Site
Quality
Age

Comparable 6

Prox. to Subject
Sale Price
Gross Living Area
Total Rooms
Total Bedrooms
Total Bathrooms
Location
View
Site
Quality
Age

MULTI-PURPOSE SUPPLEMENTAL ADDENDUM
FOR FEDERALLY RELATED TRANSACTIONS

Western Appraisal (208)746-9891

Borrower/Client N/A			
Property Address 1011 6th St			
City LEWISTON	County NEZ PERCE	State ID	Zip Code 83501-2802
Lender LEWIS-CLARK STATE COLLEGE			

This Multi-Purpose Supplemental Addendum for Federally Related Transactions was designed to provide the appraiser with a convenient way to comply with the current appraisal standards and requirements of the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of Currency (OCC), The Office of Thrift Supervision (OTS), the Resolution Trust Corporation (RTC), and the Federal Reserve.

This Multi-Purpose Supplemental Addendum is for use with any appraisal. Only those statements which have been checked by the appraiser apply to the property being appraised.

PURPOSE & FUNCTION OF APPRAISAL

The purpose of the appraisal is to estimate the market value of the subject property as defined herein. The function of the appraisal is to assist the above-named Lender in evaluating the subject property for lending purposes. This is a federally related transaction.

EXTENT OF APPRAISAL PROCESS

- The appraisal is based on the information gathered by the appraiser from public records, other identified sources, inspection of the subject property and neighborhood, and selection of comparable sales within the subject market area. The original source of the comparables is shown in the Data Source section of the market grid along with the source of confirmation, if available. The original source is presented first. The sources and data are considered reliable. When conflicting information was provided, the source deemed most reliable has been used. Data believed to be unreliable was not included in the report nor used as a basis for the value conclusion.
- The Reproduction Cost is based on MARSHALL AND SWIFT ADJUSTED FROM APPRAISER'S FILES AND LOCAL DATA. supplemented by the appraiser's knowledge of the local market.
- Physical depreciation is based on the estimated effective age of the subject property. Functional and/or external depreciation, if present, is specifically addressed in the appraisal report or other addenda. In estimating the site value, the appraiser has relied on personal knowledge of the local market. This knowledge is based on prior and/or current analysis of site sales and/or abstraction of site values from sales of improved properties.
- The subject property is located in an area of primarily owner-occupied single family residences and the Income Approach is not considered to be meaningful. For this reason, the Income Approach was not used.
- The Estimated Market Rent and Gross Rent Multiplier utilized in the Income Approach are based on the appraiser's knowledge of the subject market area. The rental knowledge is based on prior and/or current rental rate surveys of residential properties. The Gross Rent Multiplier is based on prior and/or current analysis of prices and market rates for residential properties.
- For income producing properties, actual rents, vacancies and expenses have been reported and analyzed. They have been used to project future rents, vacancies and expenses.

SUBJECT PROPERTY OFFERING INFORMATION

- According to MLS #99207 the subject property:
- has not been offered for sale in the past: 30 days 1 year 3 years.
 - is currently offered for sale for \$
 - was offered for sale within the past: 30 days 1 year 3 years for \$ 88,900
 - Offering information was considered in the final reconciliation of value.
 - Offering information was not considered in the final reconciliation of value.
 - Offering information was not available. The reasons for unavailability and the steps taken by the appraiser are explained later in this addendum.

SALES HISTORY OF SUBJECT PROPERTY

- According to MLS #99207 the subject property:
- Has not transferred in the past twelve months. in the past thirty-six months. in the past 5 years.
 - Has transferred in the past twelve months. in the past thirty-six months. in the past 5 years.
 - All prior sales which have occurred in the past 3 years are listed below and reconciled to the appraised value, either in the body of the report or in the addenda.
- | Date | Sales Price | Document # | Seller | Buyer |
|------------|-------------|------------|--------|---------|
| 10/30/2003 | 88,900 | MLS# 99207 | VOGEL | GALINDO |
| | | | | |
| | | | | |
| | | | | |

FEMA FLOOD HAZARD DATA

- Subject property is not located in a FEMA Special Flood Hazard Area.
 - Subject property is located in a FEMA Special Flood Hazard Area.
- | Zone | FEMA Map/Panel # | Map Date | Name of Community |
|------|------------------|-----------|-------------------|
| C | 1601040003B | 1/20/1982 | |
- The community does not participate in the National Flood Insurance Program.
 - The community does participate in the National Flood Insurance Program.
 - It is covered by a regular program.
 - It is covered by an emergency program.

☒ **CURRENT SALES CONTRACT**

- ☒ The subject property is currently not under contract.
- ☐ The contract and/or escrow instructions were not available for review. The unavailability of the contract is explained later in the addenda section.
- ☐ The contract and/or escrow instructions were reviewed. The following summarizes the contract:

Contract Date	Amendment Date	Contract Price	Seller

- ☐ The contract indicated that personal property was not included in the sale.
- ☐ The contract indicated that personal property was included. It consisted of _____ Estimated contributory value is \$ _____
- ☐ Personal property was not included in the final value estimate.
- ☐ Personal property was included in the final value estimate.
- ☐ The contract indicated no financing concessions or other incentives.
- ☐ The contract indicated the following concessions or incentives: _____
- ☐ If concessions or incentives exist, the comparables were checked for similar concessions and appropriate adjustments were made, if applicable, so that the final value conclusion is in compliance with the Market Value defined herein.

☒ **MARKET OVERVIEW** Include an explanation of current market conditions and trends.

3 - 6 _____ months is considered a reasonable marketing period for the subject property based on _____ MULTIPLE LISTING STATISTICS. EXPOSURE TIME IS _____ CURRENTLY EQUAL TO MARKET TIME.

☒ **ADDITIONAL CERTIFICATION**

The Appraiser certifies and agrees that:

- (1) The analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice ("USPAP"), except that the Departure Provision of the USPAP does not apply.
- (2) Their compensation is not contingent upon the reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- (3) This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

☒ **ADDITIONAL (ENVIRONMENTAL) LIMITING CONDITIONS**

The value estimated is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions unless otherwise stated in this report. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of and inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions which would affect the property negatively unless otherwise stated in this report. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous substances or detrimental environmental conditions on or around the property that would negatively affect its value.

☒ **ADDITIONAL COMMENTS**

THIS ANALYSIS IS A COMPLETE APPRAISAL PRESENTED IN A SUMMARY REPORT IN ACCORDANCE WITH STANDARDS RULE 2-2(b).

☒ **APPRAISER'S SIGNATURE & LICENSE/CERTIFICATION**

Appraiser's S
Appraiser's N
State _____

Joseph W. Scott
JOSEPH W. SCOTT

11/30/2004

Date Prepared December 07, 2004

Phone # 208-746-9891

IN-TRAINING

Tax ID # 82-0480131

☒ **CO-SIGNING APPRAISER'S CERTIFICATION**

- ☒ The co-signing appraiser has personally inspected the subject property, both inside and out, and has made an exterior inspection of all comparable sales listed in the report. The report was prepared by the appraiser under direct supervision of the co-signing appraiser. The co-signing appraiser accepts responsibility for the contents of the report including the value conclusions and the limiting conditions, and confirms that the certifications apply fully to the co-signing appraiser.
- ☐ The co-signing appraiser has not personally inspected the interior of the subject property and:
- ☐ has not inspected the exterior of the subject property and all comparable sales listed in the report.
- ☐ has inspected the exterior of the subject property and all comparable sales listed in the report.
- ☐ The report was prepared by the appraiser under direct supervision of the co-signing appraiser. The co-signing appraiser accepts responsibility for the contents of the report, including the value conclusions and the limiting conditions, and confirms that the certifications apply fully to the co-signing appraiser with the exception of the certification regarding physical inspections. The above describes the level of inspection performed by the co-signing appraiser.
- ☐ The co-signing appraiser's level of inspection, involvement in the appraisal process and certification are covered elsewhere in the addenda section of this appraisal.

☒ **CO-SIGNING APPRAISER'S SIGNATURE & LICENSE/CERTIFICATION**

Co-Signing
Appraiser's Sign: _____

Effective Date 11/30/2004

Date Prepared December 07, 2004

Co-Signing Appraiser's Name (Print) ANDY JOHANSEN

Phone # 208-746-9891

State IDAHO

☐ License

☒ Certification # CRA #148

Tax ID # 82-0480131

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he considers his own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgement.

STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION

CONTINGENT AND LIMITING CONDITIONS: The appraiser's certification that appears in the appraisal report is subject to the following conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
2. The appraiser has provided a sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
5. The appraiser has estimated the value of the land in the cost approach at its highest and best use and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used.
6. The appraiser has noted in the appraisal report any adverse conditions (such as, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
7. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
8. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
9. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.
10. The appraiser must provide his or her prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower; the mortgagee or its successors and assigns; the mortgage insurer; consultants; professional appraisal organizations; any state or federally approved financial institution; or any department, agency, or instrumentality of the United States or any state or the District of Columbia; except that the lender/client may distribute the property description section of the report only to data collection or reporting service(s) without having to obtain the appraiser's prior written consent. The appraiser's written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraisal report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: 1011 6th St, LEWISTON, ID 83501-2802

APPF -----

Signature: _____

Name: _____

Date Sig: _____

State C: _____

or State License #: _____

State: _____

Expiration Date of Certification or License: _____

SUPERVISORY APPRAISER (only if required):

Signature: _____

Name: AN

Date Signed: December 07, 2004

State Certification #: CRA# 148

or State License #: _____

State: IDAHO

Expiration Date of Certification or License: 7/26/2005

☒ Did

☐ Did Not Inspect Property

APPRAISERS EXPERIENCE AND QUALIFICATIONS**NAME:** ANDY JOHANSEN (WILLIAM A.)

WESTERN APPRAISALS
 1014 MAIN STREET
 LEWISTON, IDAHO 83501
 PH 208 746 9891
 FAX 208 746 9895

MOSCOW OFFICE
 PH 208 883 5387
 FAX 208 882 3846

E MAIL andyjo@moscow.com**EDUCATION:**

College of Idaho-- BS (Zoology) 1966
 Webster University -- MA (Business Management) 1987
 University of Idaho--Real Estate Essentials, Real Estate Practices, Real Property Appraisal
 Appraisal Courses—Residential Case Studies, Standards of Professional Practice, Basic
 Income Capitalization, Advanced Residential Form and Narrative, Cash Equivalency,
 Americans with Disabilities Act, Appraising 1-4 Family Income Properties, Residential
 Property Construction and Inspection, Feasibility Analysis and Highest and Best Use,
 National Flood Insurance Program, Technical Inspection of Real Estate, Manufactured
 Housing, Residential Construction and Inspection, Appraising From Blueprints, Appraising
 the Tough Ones


EMPLOYMENT RECORD:

U.S. Air Force Pilot 1967-1991
 Commercial Pilot 1991-1993
 Western Appraisals 1993 – present

CERTIFICATIONS, TAX ID, E & O INSURANCE

Idaho Certified Residential Appraiser #148
 Washington Certified Residential Appraiser #1700819
 Tax ID #82-0480131
 E & O—Liability Insurance Administrators policy # LSI006837-001

Bureau of Occupational Licenses Department of Self Governing Agencies <small>The person named has met the requirements for licensure and is entitled under the laws and rules of the State of Idaho to operate as a(n)</small>		
CERTIFIED RESIDENTIAL APPRAISER		
WILLIAM A JOHANSEN 829 NYLAROL MOSCOW ID 83843		
	CRA-148	07/26/2005
Chief, B.O.L.	Number	Expires

STATE OF WASHINGTON		
RESIDENTIAL R.E. APPRAISER		
JOHANSEN, WILLIAM A (ANDY) 829 NYLAROL MOSCOW ID 83843-9313		
<small>DIRECTOR</small> 		
REFERENCE	CERT/ LIC NUMBER	EXPIRATION DATE
27017	1700819	07-26-05

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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

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.

I. Real and Personal Property and Services-continued

5. Disposal of Real Property

b. Board approval of other transfers

- (1) Leases to use real property under the control of an institution, school or agency require prior Board approval - if the term of the lease exceeds five (5) years or if the lease revenue exceeds two hundred fifty thousand dollars (\$250,000).
- (2) Easements to make a permanent use of real property under the control of an institution, school or agency require prior Board approval - unless easements are to public entities for utilities.
- (3) The transfer by an institution, school or agency of any other interest in real property requires prior Board approval.

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10, 2005

INSTITUTION / AGENCY AGENDA
AGENCIES AND INSTITUTIONS OF THE STATE BOARD

SUBJECT

First Reading – Amendment to Board Policy V.S.2 - Weighting factors used to calculate the Enrollment Workload Adjustment (EWA).

APPLICABLE STATUTE, RULE, OR POLICY

N/A

REFERENCE

See reference dates listed in Background (immediately below).

BACKGROUND

At the September 2001 Board meeting, the Board asked the president's council to review the process used to allocate the annual General Education allocation to the college and universities, and make recommendations for changes. In the Summary of Presidents' Agreement, it was recommended to use five student levels by splitting the graduate level to masters and doctoral levels. A Task Force was set up to examine the funding equity issue addressed by 1) a study by the MGT national consulting firm and 2) the president's council.

At the October 2001 Board meeting, the Task Force presented its recommendations which included retaining the current student levels of lower, upper and 1st professional, and split the graduate level to masters and doctoral. The report also included changes to the weights recommended by the Provosts as shown in the table on the next page. The minutes of the Board meeting indicate a recommendation to retain the current student levels of four categories and not split the graduate level programs into master and doctoral.

At the November 2001 Board meeting, the Task Force provided an update and reviewed probable recommendations and indicated a final report would be ready in January. The recommendations included retaining the current student levels of four and not splitting graduate level to masters and doctoral level. The report included a copy of the Current Groups and Weights as shown in the table below.

At the January 2002 Board meeting, the Board accepted the (draft) Task Force Report (see Attachments 1-Agenda Item and 2-Minutes) which included the recommendation to separately identify the credit hours generated by doctoral students and to establish the weights for doctoral level credit hours with a maximum weight of 10.00. The report also included the weights as recommended by the Provosts (see table, following page).

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10, 2005

INSTITUTION / AGENCY AGENDA

AGENCIES AND INSTITUTIONS OF THE STATE BOARD - continued

Current Board policy has not been updated with the recommended weights, although the new weights have been used in the calculation of the EWA beginning with fiscal year 2004.

		I	II	III	IV
Current Groups and Weights					
	Lower Division	1.00	1.30	1.60	3.00
	Upper Division	1.50	1.90	2.50	3.50
	Graduate	3.50	3.50	6.00	6.50
	Law	2.60	--	--	--
Task Force Recommendation					
	Lower Division	1.00	1.30	1.60	3.00
	Upper Division	1.50	1.90	2.50	3.50
	Masters	3.50	3.50	6.00	6.50
	Doctoral	5.00	6.25	7.50	10.00
	1 st Professional	3.50	--	--	--

DISCUSSION

Board policy must be updated for the changes ratified by the Board at the January 2002 meeting and incorporated in the EWA calculation since fiscal year 2004.

IMPACT

There is no new fiscal impact systemwide. The allocation has been taking place beginning in FY 2004 using the new weights.

STAFF COMMENTS AND RECOMMENDATIONS

Staff has researched the history of this issue and has determined that applicable Board policy must be updated to reflect the recommendations previously adopted by the Board.

BOARD ACTION

A motion to approve the first reading of changes to Idaho State Board of Education Governing Policies and Procedures, Section V.S.2., Allocation of Lump Sum Appropriation (BSU, ISU, UI, LCSC) to update the weighting factors used in the enrollment workload adjustment calculation.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
JANUARY 21-22, 2002

ACTION ITEM**SUBJECT**

Task Force Report on Equity.

BACKGROUND

Funding equity has been a Board issue since the January 2001 meeting when the Board asked the Presidents' Council for a recommendation on the current allocation system. A consultant was hired and has provided a report on equity. The presidents responded to the report and provided their recommendation. At the September meeting, the Board created a Task Force and assigned Darrell Manning, Rod Lewis, Paul Agidius, and staff the responsibility for developing recommendations on equity. The Task Force presented preliminary findings at the November meeting. The Task Force is finalizing the report, which will be distributed prior to the January meeting.

DISCUSSION

Since the institutions have different roles and mission statements, determining funding equity was a very difficult task. The consultant's report concluded that all the institutions are not funded adequately when compared to their peers. The Task Force made several adjustments to the funds included and weighted credit hours, attempting to determine internal equity when analyzing just the instructional support.

IMPACT

The recommendations will impact the future budget requests for the college and universities, as additional funding will be required to address the equity issue. Recommendations for changing the calculation of the Enrollment Workload Adjustment will also be presented in hopes of fully funding enrollment growth in the future.

COMMENTS

Carefully review the report upon receipt to ensure understanding of the impacts.

BOARD ACTION

A motion to accept the findings and recommendations as presented in the Task Force Report on funding equity dated January 22, 2002.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

DRAFT

State Board of Education

Task Force Report

Funding Equity

January 22, 2002

Introduction/Background

The legislature provides a lump-sum appropriation to the State Board of Education (Board) for higher education programs at the four-year postsecondary institutions. Based on Board policy, this lump-sum appropriation (general account and endowment funds only) is allocated to Boise State University, Idaho State University, University of Idaho, and Lewis-Clark State College. The student fee revenue portion of the appropriation is retained at the institution that generates the funds. The Board's allocation policy starts with the current year's base funding with additional allocations for enrollment workload adjustment, new occupancy costs, and areas with legislative intent.

Recently concerns have been expressed that funds are not equitably allocated among the institutions. As a result of these concerns, the Board asked the President's Council for recommendations on the funding process. The presidents hired a consulting firm (MGT of America) who determined an inequity exists among the institution and also provided recommendations for allocating the lump-sum appropriation. After receiving comments and recommendations from the presidents regarding equity, the Board created a Task Force to provide recommendations on funding equity for the Board's consideration.

Calculating Equity

MGT concluded that the four institutions are not funded equitably when compared to their peer institutions. Peer institutions were identified for each institution based on role and mission statements, degrees awarded, number of students, location in urban/rural area, discipline mix, number of staff, and research expenditures, etc. The Task Force viewed the MGT results as external determination of inequity or funding inadequacy.

The Task Force's focus was on determining internal equity among the four institutions. The task was to determine if similar students in similar programs were funded equally. For this analysis, only the instructional program was considered. The task of determining equity for research and public service was deferred. To complete the instructional analysis, adjustments had to be made to the funds considered so only the instructional funds were involved. Also, to consider the difference in student costs, weights were assigned for different levels and disciplines. Once these adjustments were made, the instructional funds were divided by the weighted credit hours to determine equity.

The Task Force adjusted the amount of lump-sum general account and endowment funds to be used in determining funding equity, in order to account for these differences in the role and mission statements and to focus only on the funds that support the instructional mission. Many of the programs identified in the role and mission statements are separately funded but rely on the general education lump-sum appropriation to provide administrative support. The Task Force allocated administrative support funds to the other appropriation-funded programs in order to arrive at comparable educational costs.

A final funding adjustment was made to allocated administrative and support costs (academic support, institutional support, physical plant and student serviced) to the three primary functional areas (instruction, research, and public service). After these adjustments were made, only the adjusted instructional funds were involved in the analysis to determine equity.

The second part of the equation also provided complicating factors. The Task Force determined that doctoral students should be funded at a higher rate than lower division students (freshman and sophomores) and that engineering students should be funded at a higher level than a social science or a history student. To account for these differences, the actual credit hours are weighted which provides additional funds for higher cost programs. From recommendations provided in the MGT report and input from the institutions, the Task Force weighted the actual credit hours generated, by level and discipline, as displayed in Attachment A. The institutions report total actual credit hours generated annually by level and by discipline which are reduced for full-fee paying nonresidents, students enrolled in the medical and dental programs, and student contract course to arrive at the weighted credit hours used in the equity calculation.

Enrollment Workload Adjustment Funding

The enrollment workload adjustment (EWA) is a process the Board uses to fund institutions for enrollment changes (both positive and negative). The EWA is part of the Board's annual budget request for the general education programs and is one of the key items in the Board's allocation process. The EWA is calculated on changes in the weighted credit hours using a three-year moving average to stabilize the annual enrollment fluctuations. The value of a weighted credit hour used to reimburse the institutions for enrollment changes is calculated by dividing one-third of the general account and endowment funds budget base for higher education by the three-year moving average for the prior year. This weighted credit hour value is multiplied by the changes in the three-year moving averages for each institution to arrive at the amount necessary to fund enrollment changes.

Findings and Recommendations

The Task Force accepted the findings in the MGT report that calculated the institutions were not adequately funded when compared to their peer institutions.

It is recommended that the Board support efforts to increase the funding for all college and universities' higher education programs, which will promote the development of tomorrow's workforce and support efforts in science and technology.

The Task Force, in determining funding equity, focused exclusively on the instructional mission. Based on this analysis, the Task Force found that a funding inequity exists in the current funding base. The adjusted instructional funds per weighted credit hour at Boise State University and Idaho State University are below the University of Idaho funding level. The Task Force calculated that \$7,920,000 would be needed to correct this inequity (RE: Attachment B).

It is recommended that additional/new funds be used to achieve equity and not through reallocation of base funds.

It is recommended that the request for the additional equity funds will be one of the Board's top priorities for higher education until equity is achieved.

It is recommended that unfunded requests for enrollment changes (EWA request) for FY03 and beyond will be added to the identified inequity to future equity requests (negative adjustments will reduce the identified inequity amount, not the funding base).

The Task Force found that the EWA did not adequately fund the doctoral level students and did not adequately fund increases in enrollment.

It is recommended to separately identify the credit hours generated by doctoral students and to establish the weights for doctoral level credit hours with a maximum weight of 10.00.

It is recommended to retain four groups and the current groupings of disciplines for weighting purposes.

It is recommended to retain the five percent additional weighting for the role and mission emphasis designation of each institution.

It is recommended to continue the current practice of excluding credit hours generated from full-fee paying nonresident students and to develop controls or adjustments for awarding partial waivers.

It is recommended to increase the dollar value of the weighted credit hour that is used to fund enrollment increases. The amount of the increase is being developed.

Enrollment Workload Adjustment

Applies to General Education/Academic Credit Hours Only

Course Level		I	II	III	IV
1	Current Levels, Groups and Weights:				
2	Lower Division	1.00	1.30	1.60	3.00
3	Upper Division	1.50	1.90	2.50	3.50
4	Graduate	3.50	3.50	6.00	6.50
5	Law	2.60			

6	Task Force Recommended Levels, Groups and Weights:				
7	Lower Division	1.00	1.30	1.60	3.00
8	Upper Division	1.50	1.90	2.50	3.50
9	Masters	3.50	3.50	6.00	6.50
10	Doctoral	5.00	6.25	7.50	10.00
11	Law	3.50			
12					

13 Task Force Recommended Grouping of Disciplines and Emphasis: (Remain the Same)

				Areas of Emphasis			
14	Code	Discipline	Group	BSU	ISU	UofI	LCSC
15		Developmental	I				
16	1	Agr Bus & Prod	III			5.00%	
17	2	Agr Sci	III			5.00%	
18	3	Cons & Renew Nat Res	III			5.00%	
19	4	Archit & Rltd Prog	III			5.00%	
20	5	Area, Eth & Cult Stdys	II				
21	9	Communications	II				
22	11	Comp & Inform Sci	IV				
23	13	Education	II	5.00%	5.00%	5.00%	5.00%
24	14	Engineering	IV	5.00%		5.00%	
25	16	Foreign Lang & Lits	III			5.00%	
26	19	Home Economics	II				
27	22	Law & Legal Studies	I			5.00%	
28	23	Engl Lang & Lit/Lttrs	I				
29	24	L A & Sci/Gen Stds&Hum	II				
30	25	Library Science	I				
31	26	Biol Sci/Life Sci	III		5.00%		
32	27	Mathematics	I				
33	29	Military Tech	I				
34	30	Multi/Interdis Studies	II	5.00%			5.00%
35	31	Parks, Rec, Leis & Fit	I				
36	38	Philosophy & Religion	I				
37	40	Physical Sciences	III		5.00%		
38	42	Psychology	I				
39	43	Protective Services	II	5.00%			5.00%
40	44	Pub Admin & Service	II	5.00%			5.00%
41	45	Soc Sci & History	I	5.00%			
42	46	Construction Trades	I				
43	50	Visual and Perf Arts	III	5.00%			
44	51	Hlth Prof & Rel Sci	IV		5.00%		5.00%
45	52	Bus Mgmt & Admin Serv	II	5.00%			5.00%

Equity Study

Fiscal Impact of Recommended Equity Options

<u>Recommended by:</u>		<u>BSU</u>	<u>ISU</u>	<u>Uofl</u>	<u>LCSC</u>	<u>Total</u>
1	MGT Consultant:					
2	Option #1- 5 Student Levels, 8 disciplines	13,381,900	7,993,000	4,456,700	1,279,500	27,111,100
3	% Share	49.36%	29.48%	16.44%	4.72%	100.00%
4						
5						
6	Task Force Options:					
7	Based on Adjusted Higher Education Funding-General Account & Endowment Funds Only					
8						
9	Proposed Weights/Levels-Excluding Full-Fee Paying Nonres					
10	Equity to Reach Univ of Idaho Level	4,490,700	3,429,300	0	0	7,920,000
11	% Share	56.70%	43.30%	0.00%	0.00%	100.00%

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State Board of Education

January 21-22, 2002

It was moved by Mr. Manning and seconded by Mr. Agidius to approve the request from the University of Idaho to enter into a Facilities Lease with the Idaho State Building Authority in the form presented to the Board with respect to the Water Center in Boise, Idaho, beginning in FY2004. The rental payments due thereunder to be paid from currently budgeted lease payments upon expiration of the MK Plaza IV leases on August 31, 2003 and from other institutional and appropriated funds for University departments, programs and services occupying the project. (Mr. Manning as maker of the motion voted Aye then changed his vote to No - the motion carried 6-1). (Motion #24)

Lewis-Clark State College

5.1.1 - Acquisition of Property

As part of its Campus Master Plan, LCSC needs to acquire additional property for expansion and/or parking. Because of the College's need for parking required by the upcoming construction of the Campus Activity Center, property owners have placed higher values on their property. As a result, the price of \$58,000 is \$13,000 above market appraisal. Mr. Hall asked Mr. Dean Froelich to talk to the Board's legal counsel to see if there would be tax advantages to the seller if a friendly condemnation process were utilized, which could, in turn, result in a reduction in the price of the property.

It was moved by Mr. Manning, seconded by Mr. Stone and carried (5-0) to approve the purchase of property at 611 9th Avenue in Lewiston as described in the exhibit. (Motion #25)

3. Task Force Report on Equity

Mr. Manning gave a history of the funding process and presented the Equity Task Force report. The Task Force viewed the MGT results as an external determination of inequity, therefore, it focused on internal equity by looking at the difference in student costs and assigned weights at different levels of the disciplines. The Task Force suggested a change in the formula in order to account for the differences in various levels and the goals and mission and to focus on funds that support an institution's mission--only the adjusted instructional funds were in the analysis to determine equity. It was also felt that doctoral students should be funded at a higher rate than lower division students and that some disciplines should be funded at a higher level than others.

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The Task Force recommended that the Board support an effort to increase funding for all colleges and universities and that it will take \$7.9 million to correct the

inequities. It was also recommended that additional new funds be used to achieve equity and that the recommendation be one of the Board's highest priorities until equity is achieved. It was also recommended that unfunded requests for enrollment changes for enrollment workload adjustments be added back and if they're not funded in the first year, be added back the second year.

The Task Force found that the enrollment workload adjustment did not adequately fund doctoral-level programs and did not adequately fund the increases in enrollment. Therefore, it was decided to identify the credit hours generated by doctoral students and the established weights for doctoral-level credit hours with a maximum weight of 10, i.e. a doctoral level program would get 10 times the money of a Category 1 program. It was also recommended:

1. Retain the four groups the additional five percent weight for roles and
2. Continue the current practice of excluding credit hours generated from full
3. Increase the dollar value of weighted credit hours.

mission
fee pay

Mr. Agidius said the equity study done by MGT looked at external peers with the result showing the UI being underfunded whereas the internal study showed BSU being underfunded. He felt both studies were valid, but the question was what is equity and can they be meshed. He cautioned that adjustments should not be made based on either the external or internal study recommendations.

Mr. Lewis agreed with Mr. Agidius and said what the Task Force tried to do was narrow down the differences internally to get as pure a look as possible, given the weighted credit hours system currently in place. He said the Task Force felt this is the appropriate way to address the issue is consistent with other funding mechanisms and is a valid approach to dealing with equity issues.

Mr. Agidius added that when looking at the entire picture, what the Governor has proposed for Science and Technology and the amount of research done by each institution should be tied in with the report.

Mr. Lewis felt the Task Force had developed a strong and valid approach for determining internal equity, however, there are other issues that need to be dealt with, i.e. the dollar value for weighted credit hour, the three-year rolling average and the issues brought up by Mr. Agidius. He said he would like to keep the Task Force in place to continue to deal with the other issues.

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Mr. Hammond asked for suggestions on ways to compensate an institution for performing other missions. Mr. Manning replied that the roles are assigned by the

Legislature and/or land grant status, among other things, but as near as possible they allocated administrative costs and isolated out and as much possible, but it is a very complex system. Mr. Lewis said they were looking at allocated funds in a narrow sense, but that enrollment workload adjustment and the weighted credit hour system do incorporate the missions.

Mr. Hammond asked for clarification on what accepting the report meant regarding its implementation. Mr. Manning said it will be recommended to the legislature to implement the recommendations as quickly as possible, if money is available. Mr. Hall said it was his understanding that when the report is accepted, the Board would then forward it to the House and Senate Education Committees for review. Mr. Lewis asked that the committees be advised that there will be additional study and information forwarded to them. Mr. Hall suggested Ms. McGee include a cover letter with the report advising that this is a preliminary analysis. Mr. Lewis felt this is the final recommendation for equity, but that there are additional issues to be addressed. It was also felt that Science and Technology, the three-year rolling average and increased workload adjustment issues needed to be included in the cover letter.

Mr. Lewis said that in terms of developing equity, the task force should set the peer review aside and focus on it at another point in time. At this point, the Task Force should look at achieving internal equity.

Mr. Hall felt there could be some overlap because there is a committee looking at the ratio between state funding and student fees in addition to a five-year plan on to how to arrive at appropriate funding for education.

Mr. Hammond felt part of the problem with equity has been in the base structure and the fact that increases were based on the percentile of the base. He asked if there would be new base structures to work from. Mr. Manning replied that ultimately the base structures would change somewhat.

Mr. Hall asked Ms. McGee to include in her cover letter to legislators a recommendation that the Governor's research initiative be funded at an level of approximately \$3M and that the increase in funds be in direct proportion to increases in the budget amount for each weighted credit and the distribution of the funds would be in proportion to their research expenditures in the prior fiscal year as is shown by the audited financial statements from each of the institutions with the exception that none of the institutions would receive less than \$75,000. For example, if the figure for LCSC

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under that approach came out at less than \$75,000, LCSC would get \$75,000. The balance would be distributed on a pro-rata basis to each of the other three institutions. Dr. Richard Bowen asked if the references to research were in relation to technology or

overall research. Mr. Hall said the Governor's initiative for research deals with science and technology.

It was moved by Mr. Manning, seconded by Mr. Lewis and carried (7-0-1 [Mr. Hammond abstained]) to accept the Task Force Report with the knowledge that the Task Force will continue to meet. (Motion #8)

NOTE: See also, Item #6 on PPGAC agenda.

4. Nonresident Tuition Waiver - Fall 2001 Reports

It was moved by Mr. Manning, seconded by Dr. Howard and carried (5-0) to accept the Nonresident Tuition Waiver - Fall 2001 Reports for Boise State University, Idaho State University, the University of Idaho and Lewis-Clark State College. (Motion #27)

5. Finance Policy - Final Reading

It was moved by Mr. Manning, seconded by Mr. Hall and carried (5-0) to approve for Final Reading the Fiscal section of the Business Affairs and Human Resources policy as presented in the exhibit. (Motion #28)

HUMAN RESOURCES

1. Agenda Summary

Refer to permanent exhibit.

2. Institution/Agency Agendas

It was moved by Mr. Manning, seconded by Dr. Howard and carried (5-0) to approve the institution/agency agenda items as presented in the exhibit for Boise State University, Idaho State University, the University of Idaho and Idaho Public Television. (Motion #29)

Permanent Exhibit #s 7, 8, 9 & 10

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ADJOURNMENT: January 21, 5:00 p.m.
January 22, 3:30 p.m.

CERTIFICATION:

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10, 2005

REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: S. Allocation of Lump Sum Appropriation

April 2002

S. Allocation of Lump Sum Appropriation (BSU, ISU, LCSC, UI)

2. Methodology

The allocation shall consist of the total of the lump sum general account appropriation and actual land grant endowment receipts. The allocation shall be made in the following order:

- a. Each institution shall be allocated its base allocation of the prior year.
- b. An Enrollment Workload Adjustment shall be applied to the allocation of each institution. The adjustment shall be calculated as follows:
 - (1) A three-(3) year moving average of credit hours multiplied by the program weights shall be used. The three (3) years to be used shall be those which precede the year of the allocation and shall consist of two (2) years of actual and one (1) year of estimated credit hours.
 - (2) Effective with the FY 1990 allocation, credit hours generated from externally funded sources and contracts shall be removed from this adjustment. Credit hours for in-service teacher education shall not be removed.
 - (3) The total budget base of the institutions shall be multiplied by 0.33 and divided by the three-(3)year moving average of total weighted credit hours for the prior year. The resultant amount per credit hour shall be multiplied by the change from the prior three-(3)year moving average of weighted credit hours for each institution to calculate the adjustment by institution.

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10, 2005

- (4) Program weights are the weighting factors applied to four (4) categories of instructional disciplines with different weight factors by category and course level. The groups and factors follow.

<u>Group I</u> Physical Education Law Letters Library Sciences Mathematics Military Science Psychology Social Sciences	<u>Group II</u> Area Studies Business & Management Education Communications Home Economics Public Affairs Interdisciplinary Studies
<u>Group III</u> Agricultural & Natural Resources Architecture & Environmental Design Biological Sciences Fine & Applied Arts Foreign Languages Physical Sciences	<u>Group IV</u> Engineering Health Professions Computer & Information Sciences

The weighting factors for the above categories are as follows:

<u>Course Level</u>	<u>Category</u>			
	I	II	III	IV
Lower Division	1.00	1.30	1.60	3.00
Upper Division	1.50	1.90	2.50	3.50
Masters	3.50	3.50	6.00	6.50
Doctoral	5.00	6.25	7.50	10.00
Law	3.50	--	--	--

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10, 2005

An additional five percent (5%) emphasis factor is given to the Primary Emphasis areas at each institution. These areas are:

<u>Boise State University</u> Business Social Science (includes Economics) Public Affairs Performing Arts (excluding Art) Education Engineering	<u>Idaho State University</u> Health Professions Biological Sciences Physical Sciences Education
<u>University of Idaho</u> Agriculture Forestry Mines Engineering Architecture Law Foreign Languages Education	<u>Lewis-Clark State College</u> Business Criminal Justice Nursing Social Work Education

- c. Operations and maintenance funds (custodial, maintenance, and utilities) for new, major general education capital improvement projects shall be allocated to affect institutions.
- d. Decision units above the base shall be consistent with the legislative budget request. The allocation of these decision units to the institutions shall be based on the proportionate share of each institution in the total budget request for these decision units applied to the increase in appropriations above the base excluding special allocations.
- e. The Board may also allocate funds for special activities or projects at the discretion of the Board.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 10, 2005

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO

SUBJECT

Request for authorization for professional services.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies and Procedures, Section V.I.3.a.

REFERENCE

N/A

BACKGROUND

This is for legal services provided by the firm of Dubitzky and Zarky, P.S.

DISCUSSION

At this time, the cumulative value of the services requires Board approval.

IMPACT

The University anticipates that it will have continued need for these services.

STAFF COMMENTS AND RECOMMENDATIONS

Staff has not had sufficient time to review the information provided by the University of Idaho and therefore has no recommendation.

BOARD ACTION

A motion to approve the request for authorization for professional services referenced herein.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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

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.