

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

TAB	DESCRIPTION	ACTION
1	AMENDMENT OF BOARD POLICY Section V.R. – Establishment of Fees - First Reading	Motion to approve
2	FY06 STUDENT FEE AND TUITION REPORTS a. Boise State University b. Idaho State University c. University of Idaho d. Lewis-Clark State College e. Eastern Idaho Technical College	Motion to approve
3	REVIEW OF BOARD POLICY Section V.E. – Gifts and Affiliated Foundations	Information item
4	UNIVERSITY OF IDAHO Foundation Report and Revised Agreement	Information item
5	CAPITAL PROJECT APPROVAL PROCESS Report from Board Staff	Information item
6	BOISE STATE UNIVERSITY Indoor Practice Facility – Request to Proceed with Construction	Motion to approve
7	BOISE STATE UNIVERSITY Refinancing and Revenue Bonds	Motion to approve
8	BOISE STATE UNIVERSITY Remodeling Project Cost Increase	Motion to approve
9	IDAHO STATE UNIVERSITY Varsity Land Exchange	Motion to approve
10	IDAHO STATE UNIVERSITY Aquatic Center – Request for Proposal	Motion to approve

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TAB	DESCRIPTION	ACTION
11	IDAHO STATE UNIVERSITY Report on Health Programs	Information item
12	UNIVERSITY OF IDAHO Self-Funded Medical and Dental Contracts	Motion to approve
13	UNIVERSITY OF IDAHO Property Easement	Motion to approve
14	UNIVERSITY OF IDAHO Revised Agreement with United States Forest Service and University of Idaho Foundation	Motion to approve
15	UNIVERSITY OF IDAHO Idaho Water Center Condominium Agreement	Motion to approve
16	LEWIS-CLARK STATE COLLEGE Property Purchase	Motion to approve
17	LEWIS-CLARK STATE COLLEGE National Association of Intercollegiate Athletics Baseball Championship Tournament Host	Motion to approve
18	TUITION WAIVER REPORTS a. Boise State University b. Idaho State University c. University of Idaho d. Lewis-Clark State College	Motion to accept
19	FY2006 APPROPRIATIONS a. College & Universities b. Community Colleges c. Professional-Technical Education d. Promise B Scholarship Award e. Permanent Building Fund – Alteration & Repair f. Employee Compensation g. All Other Agencies & Programs	Motions to approve & Information items

INSTITUTION / AGENCY AGENDA
COLLEGE AND UNIVERSITIES OF THE STATE BOARD

SUBJECT

First Reading: Update Board Policy, Section V.R, Establishment of Fees resulting from passage of the "tuition" legislation (HB 231).

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section I.A.4.
Idaho State Board of Education Governing Policies & Procedures, Section V.R.
House Bill 231 (2005)

BACKGROUND

Due to provisions in Idaho law, Boise State University, Idaho State University and Lewis-Clark State College have not been allowed to charge resident undergraduate students for the cost of instruction. Instead, a matriculation fee has been charged for all non-instructional costs. The new law allows these three institutions to begin charging tuition fees and use those fees for instructional or non-instructional purposes.

This new legislation was proposed because the institutions are approaching a ceiling of the total amount of matriculation fee revenue collected vs. where those revenues could be legally spent.

Board policy must be amended to conform with the new legislation allowing Boise State University, Idaho State University, and Lewis-Clark State College to use tuition fees for any and all educational costs. The University of Idaho is not included due to the constitutional charter of the university. The UI will continue to charge matriculation fees to resident students.

DISCUSSION

The Idaho State Board of Education Governing Policies & Procedures, Section V.R., Establishment of Fees, needs to be updated to be in conformance with HB231, as passed in the 2005 session of the Idaho legislature, and signed into law by the Governor. The law becomes effective July 1, 2005 (for fiscal year 2006).

IMPACT

As stated in the new statute, the intent of this legislation is not designed to increase student fees, but rather to provide greater flexibility to the state college and universities (not including the University of Idaho) with respect to the use of fees to fund educational and instructional costs. This legislation is not intended to increase student fees more than otherwise might occur. Accordingly, there will be no fiscal impact to the General Fund.

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INSTITUTION / AGENCY AGENDA
COLLEGE AND UNIVERSITIES OF THE STATE BOARD - continued

STAFF COMMENTS AND RECOMMENDATIONS

Staff has reviewed HB231 and believes the changes to the Board Governing Policies & Procedures properly reflect the intent of that legislation.

BOARD ACTION

A motion to approve the first reading of changes to Idaho State Board of Education Governing Policies and Procedures, Section V.R.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

INSTITUTION / AGENCY AGENDA
COLLEGE AND UNIVERSITIES OF THE STATE BOARD - continued

1ST READING

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES
SECTION: V. FINANCIAL AFFAIRS
Subsection: R. Establishment of Fees

October 2003

R. Establishment of Fees

1. Definitions and Types of Fees

The following definitions are applicable to fees charged to students at ~~the University of Idaho, Boise State University, Idaho State University, Lewis Clark State College, and Eastern Idaho Technical College~~ all of the state colleges and universities, except where limited to a particular institution or institutions.

a. General Education Fees

General education fees are to be deposited into the unrestricted or restricted current fund accounts as required by Section V, Subsection Q.

(1) Tuition – University of Idaho

Tuition is defined as the fee charged for the cost of instruction at the ~~colleges and universities~~ University of Idaho. The cost of instruction shall not include those costs associated with ~~said colleges and universities~~ the construction, such as maintenance, and operation of ~~physical plant~~ buildings and facilities; student services; ~~and or~~ institutional support, which are complementary to, but not a part of, the instructional program. Tuition may be charged only to nonresident ~~full-time and part-time students enrolled in any degree-granting program and to Professional Technical Education students enrolled in pre-employment, preparatory programs.~~ students enrolled in the University of Idaho, or to resident students enrolled in the University of Idaho who are in a professional program, college, school, or department approved by the State Board of Education and the Board of Regents of the University of Idaho; who are taking extra studies; or who are part-time students at the institutions.

(2) Matriculation Fee – University of Idaho

Matriculation fee is defined as the fee charged at the University of Idaho for all educational costs other than the cost of instruction, including, but not limited to, costs associated with the construction, maintenance, and operation of ~~physical plant~~ buildings and facilities, student services, and institutional

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support. ~~full-time students enrolled in academic credit courses and Professional-Technical Education pre-employment, preparatory programs~~

(3) Tuition – Boise State University, Idaho State University, Lewis-Clark State College

Tuition is defined as the fee charged for any and all educational costs at Boise State University, Idaho State University, and Lewis-Clark State College. Tuition fees include, but are not limited to, costs associated with academic services; instruction; the construction, maintenance, and operation of buildings and facilities; student services; or institutional support.

~~(34)~~ Professional-Technical Education Fee

Professional-Technical Education fee is defined as the fee charged for educational costs for students enrolled in Professional-Technical Education pre-employment, preparatory programs.

~~(45)~~ Part-time Education Fee

Part-time education fee is defined as the fee per credit hour charged for educational costs for part-time students enrolled in any degree program.

~~(56)~~ Graduate Fee

Graduate fee is defined as the additional fee charged for educational costs for full-time and part-time students enrolled in any post- baccalaureate degree-granting program.

~~(67)~~ Summer School Fee

Summer school fee is defined as the fee charged for educational costs for students enrolled in academic programs in summer semester.

~~(78)~~ Western Undergraduate Exchange (WUE) Fee

Western Undergraduate Exchange fee is defined as the additional fee for full-time students participating in this program and shall be equal to fifty percent (50%) of the total of the matriculation fee, facility fee, and activity fee.

~~(89)~~ Employee/Spouse Fee

The fee for eligible participants shall be a registration fee of twenty dollars (\$20.00) plus five dollars (\$5.00) per credit hour. Eligibility shall be determined by each institution. Employees at institutions, agencies and the school under the jurisdiction of the Board may be eligible for this fee. Special course fees may also be charged.

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~~(910)~~ Senior Citizen Fee

The fee for Idaho residents who are 60 years of age or older shall be a registration fee of twenty dollars (\$20.00) plus five dollars (\$5.00) per credit hour. This fee is for courses on a space available basis only. Special course fees may also be charged.

~~(4011)~~ In-Service Teacher Education Fee

The fee shall be one-third of the average part-time undergraduate credit hour fee or one-third of the average graduate credit hour fee. This special fee shall be applicable only to approved teacher education courses. The following guidelines will determine if a course or individual qualifies for this special fee.

- (a) The student must be an Idaho public school teacher or other professional employee of an Idaho school district.
- (b) The costs of instruction are paid by an entity other than an institution.
- (c) The course must be approved by the appropriate academic unit(s) at the institution.
- (d) The credit awarded is for professional development and cannot be applied towards a degree program.

~~(4112)~~ Course Overload Fee

This fee may be charged to full-time students with excessive course loads as determined by each institution.

~~(4213)~~ Workforce Training Credit fee is defined as a fee charged students enrolled in a qualified Workforce Training course where the student elects to receive credit. The fee is charged for processing and transcribing the credit. The cost of delivering Workforce Training courses, which typically are for noncredit, is an additional fee since Workforce Training courses are self-supporting. The fees for delivering the courses are retained by the technical colleges. The Workforce Training fee shall be \$10.00 per credit.

b. Local Fees

Local fees are both full-time and part-time student fees which are to be deposited into the local institutional accounts. Local fees shall be expended for the purposes for which they were collected.

(1) Facilities Fee

Facilities fee is defined as the fee charged for capital improvement and

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building projects and for debt service required by these projects. Revenues collected from this fee may not be expended on the operating costs of general education facilities.

(2) Activity Fee

Activity fee is defined as the fee charged for such activities as intercollegiate athletics, student health center, student union operations, the associated student body, financial aid, intramural and recreation, and other activities which directly benefit and involve students. The activity fee shall not be charged for educational costs or major capital improvement or building projects. Each institution shall develop a detailed definition and allocation proposal for each activity for internal management purposes.

(3) Technology Fee

Technology fee is defined as the fee charged for campus technology enhancements and operations.

(4) Professional Fee

Professional fee is defined as the additional fee charged for educational costs for students enrolled in specialized degree granting programs. Professional programs currently approved by the Board to charge a professional fee are pharmacy, law, medicine, veterinary medicine, dentistry, physician assistant, physical therapy, occupational therapy, graduate nursing, architecture, and landscape architecture.

(5) Contracts and Grants

Special fee arrangements are authorized by the Board for instructional programs provided by an institution pursuant to a grant or contract approved by the Board.

(6) Continuing Education

Continuing education fee is defined as the additional fee to part-time students which is charged on a per credit hour basis to support the costs of continuing education.

2. Board Policy on Student Fees

Consistent with the Statewide Plan for Higher Education in Idaho, the institutions shall maintain fees that provide for quality education and maintain access to educational programs for Idaho citizens. In setting fees, the Board will consider recommended fees as compared to fees at peer institutions, percent fee increases compared to inflationary factors, fees as a percent of per capita income and/or

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household income, and the share students pay of their education costs. Other criteria may be considered as is deemed appropriate at the time of a fee change. An institution cannot request more than a ten percent (10%) increase in the total full-time student fee unless otherwise authorized by the Board.

3. Fees Approved by the Chief Executive Officer of the Institution

a. Special Course Fees or Assessments

A special course fee is a fee required for a specific course or special activity and, therefore, not required of all students enrolled at the institution. Fees such as penalty assessments, library fines, continuing education fees, parking fines, laboratory fees, breakage fees, fees for video outreach courses, late registration fees, and fees for special courses offered for such purposes as remedial education credit that do not count toward meeting degree requirements are considered special course fees. All special course fees or penalty assessments, or changes to such fees or assessments, are established and become effective in the amount and at the time specified by the chief executive officer of the institution. The chief executive officer is responsible for reporting these fees to the Board upon request.

b. Student Health Insurance Premiums or Room and Board Rates

Fees for student health insurance premiums paid either as part of the uniform student fee or separately by individual students, or charges for room and board at the dormitories or family housing units of the institutions. Changes in insurance premiums or room and board rates or family housing charges shall be approved by the chief executive officer of the institution no later than three (3) months prior to the semester the change is to become effective. The chief executive officer shall report such changes to the Board at its June meeting.

c. Activity and Facility Fees

The chief executive officer of the institution shall approve the amount of each of these fees prior to the April Board meeting. The change is to become effective prior to the beginning of the academic year following the change. The chief executive officer or his or her designee shall meet and confer with the associated student body before approving these fees. The institution shall hold a public meeting on the fee changes, and a report of the meeting shall be made available to the Board.

4. Fees Approved by the Board

a. Fees Requiring Board Approval

(1) Tuition [at the University of Idaho](#)

(2) Matriculation [Fees at the University of Idaho](#)

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(3) Tuition Fees at Boise State University, Idaho State University, and Lewis-Clark State College

- (~~3~~4) Professional-Technical Education Fee
- (~~4~~5) Part-time Education Fee
- (~~5~~6) Graduate Fee
- (~~6~~7) Summer School Fee
- (~~7~~8) Professional Fee
- (~~8~~9) Course Overload Fee

b. Initial Notice

A proposal to alter a student fee covered by Subsection V.R.4.a shall be formalized by initial notice of the chief executive officer of the institution at least six (6) weeks prior to the Board meeting at which a final decision is to be made. Notice will consist of transmittal, in writing, to the student body president and to the recognized student newspaper during the months of publication of the proposal contained in the initial notice. The proposal will describe the amount of change, statement of purpose, and the amount of revenues to be collected.

The initial notice must include an invitation to the students to present oral or written testimony at the public hearing held by the institution to discuss the fee proposal. A record of the public hearing as well as a copy of the initial notice shall be made available to the Board.

c. Board Approval

Board approval for fees will be considered when appropriate or necessary. This approval will be timed to provide the institutions with sufficient time to prepare the subsequent fiscal year operating budget.

d. Effective Date

Any change in the rate of fees or tuition becomes effective on the date approved by the Board unless otherwise specified.

REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: I. Governing Policies and Procedures

Subsection: A. Policy-Making Authority

April 2004

4. Conformance with State and Federal Law

All Board Governing Policies and Procedures and the internal policies and procedures of its institutions, agencies and school will comply with and be in conformance to applicable laws.

Adoption, Amendment, or Repeal of Board Policies

a. Board policies may be adopted by majority vote at any regular or special meeting of the Board. The adoption, amendment, or repeal of a Board policy may be requested by any member of the Board, the executive director, or any chief executive officer. Persons who are Board employees, or students or student groups, must file a written request with the chief executive officer of an institution, agency or school, or his or her designee, to receive Board consideration. An Idaho resident, other than those described above, may file a written request with the executive director for Board consideration of a proposal. Regardless of the source, a statement of the proposed adoption, amendment, or repeal must be presented to the executive director for transmittal to the Board. If the subject matter of the presentation concerns an agency, institution, school, or department of the Board, the executive director will also notify the appropriate chief executive officer of the nature of the request.

b. Board action on any proposal will not be taken earlier than the next regular or special meeting following Board approval for first reading. During the interim between the first reading and Board action, the chief executive officers will seek to discuss and review the proposal with faculty, staff, or other Board employees and students or student groups, as appropriate. The chief executive officers will transmit summaries of oral statements and written comments on the proposal to the executive director. After thorough consideration, the proposal will be presented by the executive director to the Board for action.

c. The executive director is authorized to make nonsubstantive corrections and amendments to Board Governing Policies and Procedures as may be necessary in such areas as typographical errors, cross-references, and citations of state and federal statutes.

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REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY - continued

]]]]
Fifty-eighth Legislature

LEGISLATURE OF THE STATE OF IDAHO

]]]]
First Regular Session - 2005

HOUSE BILL NO. 231
BY EDUCATION COMMITTEE
AN ACT

1

2 RELATING TO TUITION AT INSTITUTIONS OF HIGHER EDUCATION; REPEALING SECTION
3 33-3717, IDAHO CODE; AMENDING CHAPTER 37, TITLE 33, IDAHO CODE, BY THE
4 ADDITION OF A NEW SECTION 33-3717, IDAHO CODE, TO AUTHORIZE FEES FOR
5 ATTENDANCE AT THE UNIVERSITY OF IDAHO; AMENDING CHAPTER 37, TITLE 33,
6 IDAHO CODE, BY THE ADDITION OF A NEW SECTION 33-3717A, IDAHO CODE, TO AU-
7 THORIZE FEES, INCLUDING TUITION FEES, FOR ATTENDANCE AT STATE COLLEGES AND
8 UNIVERSITIES OTHER THAN THE UNIVERSITY OF IDAHO; AMENDING CHAPTER 37,
9 TITLE 33, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 33-3717B, IDAHO
10 CODE, TO ESTABLISH RESIDENCY REQUIREMENTS FOR ATTENDANCE AT PUBLIC INSTI-
11 TUTIONS OF HIGHER EDUCATION; AMENDING SECTION 33-3717A, IDAHO CODE, TO
12 REDESIGNATE THE SECTION AND TO INCLUDE REFERENCE TO FEES; AND AMENDING
13 SECTIONS 33-3720, 33-4306 AND 33-4403, IDAHO CODE, TO MAKE TECHNICAL COR-
14 RECTIONS.

15 Be It Enacted by the Legislature of the State of Idaho:

16 SECTION 1. That Section 33-3717, Idaho Code, be, and the same is hereby
17 repealed.

18 SECTION 2. That Chapter 37, Title 33, Idaho Code, be, and the same is
19 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
20 ignated as Section 33-3717, Idaho Code, and to read as follows:

21 33-3717. FEES AT THE UNIVERSITY OF IDAHO. (1) The state board of educa-
22 tion and the board of regents of the university of Idaho may prescribe fees,
23 but not tuition, for all full-time, resident students enrolled in the univer-
24 sity of Idaho.

25 (2) The state board of education and the board of regents of the univer-
26 sity of Idaho may prescribe tuition for:

- 27 (a) Nonresident students enrolled in the university of Idaho; or
28 (b) Resident students enrolled in the university of Idaho who are:
29 (i) In a professional program, college, school or department
30 approved by the state board of education and the board of regents of
31 the university of Idaho;
32 (ii) Taking extra studies; or
33 (iii) Part-time students at the institution.

34 (3) For purposes of this section, tuition shall be defined as payment for
35 the cost of instruction.

36 (4) Fees which may be prescribed under this section include matriculation
37 fees, defined as the fees charged to students for all educational costs other
38 than the cost of instruction including, but not limited to, costs associated
39 with the construction, maintenance and operation of buildings and facilities,
40 student services, and institutional support, which are complementary to, but
41 not a part of, the instructional program. The state board of education and the
42 board of regents of the university of Idaho also may prescribe fees for all

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1 students for any additional charges, other than payment for the cost of
2 instruction, that are necessary for the proper operation of the institution.

3 (5) A resident student is a student who meets the residency requirements
4 imposed by section 33-3717B, Idaho Code.

5 (6) Nothing contained in this section shall prevent the state board of
6 education and the board of regents of the university of Idaho from waiving
7 fees or tuition to be paid by nonresident students, as defined in section
8 33-3717C, Idaho Code, who are enrolled in the university of Idaho.

9 SECTION 3. That Chapter 37, Title 33, Idaho Code, be, and the same is
10 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
11 ignated as Section 33-3717A, Idaho Code, and to read as follows:

12 33-3717A. FEES AT STATE COLLEGES AND UNIVERSITIES OTHER THAN
THE UNIVER-

13 SITY OF IDAHO. (1) The state board of education may prescribe fees, including
14 tuition fees, for resident and nonresident students enrolled in all state col-
15 leges and universities other than the university of Idaho. For purposes of
16 this section, said fees, including tuition fees, may be used for any and all
17 educational costs at the state colleges and universities including, but not
18 limited to, costs associated with:

- 19 (a) Academic services;
- 20 (b) Instruction;
- 21 (c) The construction, maintenance and operation of buildings and facili-
22 ties;
- 23 (d) Student services; or
- 24 (e) Institutional support.

25 The state board of education also may prescribe fees for all students for any
26 additional charges that are necessary for the proper operation of each insti-
27 tution.

28 (2) A resident student is a student who meets the residency requirements
29 imposed by section 33-3717B, Idaho Code.

30 (3) Nothing contained in this section shall prevent the state board of
31 education from waiving fees, including tuition fees, to be paid by nonresident
32 students, as defined in section 33-3717C, Idaho Code, who are enrolled in the
33 state colleges and universities.

34 (4) Nothing contained in this section shall apply to community colleges
35 now or hereafter established pursuant to chapter 21, title 33, Idaho Code, or
36 to postsecondary professional-technical schools now or hereafter established
37 and not connected to or a part of a state college or university.

38 SECTION 4. That Chapter 37, Title 33, Idaho Code, be, and the same is
39 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
40 ignated as Section 33-3717B, Idaho Code, and to read as follows:

41 33-3717B. RESIDENCY REQUIREMENTS. (1) For any public institution of
42 higher education in Idaho, a "resident student" is:

- 43 (a) Any student who has one (1) or more parent or parents or court-ap-
44 pointed guardians who are domiciled in the state of Idaho. Domicile, in
45 the case of a parent or guardian, means that individual's true, fixed and
46 permanent home and place of habitation. It is the place where that indi-
47 vidual intends to remain, and to which that individual expects to return

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- 48 when that individual leaves without intending to establish a new domicile
49 elsewhere. To qualify under this section, the parent, parents or guardians
50 must have maintained a bona fide domicile in the state of Idaho for at
51 least one (1) year prior to the opening day of the term for which the stu-
1 dent matriculates.
- 2 (b) Any student, who receives less than fifty percent (50%) of the
3 student's support from a parent, parents or legal guardians who are not
4 residents of this state for voting purposes, but which student has contin-
5 uously resided in the state of Idaho for twelve (12) months next preceding
6 the opening day of the term during which the student proposes to attend
7 the college or university and who has in fact established a bona fide
8 domicile in this state primarily for purposes other than educational.
- 9 (c) Subject to subsection (2) of this section, any student who is a grad-
10 uate of an accredited secondary school in the state of Idaho, and who
11 matriculates at a college or university in the state of Idaho during the
12 term immediately following such graduation regardless of the residence of
13 the student's parent or guardian.
- 14 (d) The spouse of a person who is classified, or is eligible for classi-
15 fication, as a resident of the state of Idaho for the purposes of attend-
16 ing a college or university.
- 17 (e) A member of the armed forces of the United States, stationed in the
18 state of Idaho on military orders.
- 19 (f) A student whose parent or guardian is a member of the armed forces
20 and stationed in the state of Idaho on military orders and who receives
21 fifty percent (50%) or more of support from parents or legal guardians.
22 The student, while in continuous attendance, shall not lose that residence
23 when the student's parent or guardian is transferred on military orders.
- 24 (g) A person separated, under honorable conditions, from the United
25 States armed forces after at least two (2) years of service, who at the
26 time of separation designates the state of Idaho as his intended domicile
27 or who has Idaho as the home of record in service and enters a college or
28 university in the state of Idaho within one (1) year of the date of sepa-
29 ration.
- 30 (h) Any individual who has been domiciled in the state of Idaho, has
31 qualified and would otherwise be qualified under the provisions of this
32 statute and who is away from the state for a period of less than one (1)
33 calendar year and has not established legal residence elsewhere provided a
34 twelve (12) month period of continuous residence has been established
35 immediately prior to departure.
- 36 (i) A student who is a member of any of the following Idaho Native Ameri-
37 can Indian tribes, regardless of current domicile, shall be considered an
38 Idaho state resident for purposes of fees or tuition at institutions of
39 higher education: members of the following Idaho Native American Indian
40 tribes, whose traditional and customary tribal boundaries included por-
41 tions of the state of Idaho, or whose Indian tribe was granted reserved
42 lands within the state of Idaho: (i) Coeur d'Alene tribe; (ii) Shoshone-
43 Paiute tribes; (iii) Nez Perce tribe; (iv) Shoshone-Bannock tribes; (v)
44 Kootenai tribe.

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45 (2) A "nonresident student" shall mean any student who does not qualify
46 as a "resident student" under the provisions of subsection (1) of this sec-
47 tion, and shall include:

48 (a) A student attending an institution in this state with the aid of
49 financial assistance provided by another state or governmental unit or
50 agency thereof, such nonresidency continuing for one (1) year after the
51 completion of the semester for which such assistance is last provided.

52 (b) A person who is not a citizen of the United States of America, who
53 does not have permanent or temporary resident status or does not hold
54 "refugee-parolee" or "conditional entrant" status with the United States
55 immigration and naturalization service or is not otherwise permanently
1 residing in the United States under color of the law and who does not also
2 meet and comply with all applicable requirements of this section.

3 (3) The establishment of a new domicile in Idaho by a person formerly
4 domiciled in another state has occurred if such person is physically present
5 in Idaho primarily for purposes other than educational and can show satisfac-
6 tory proof that such person is without a present intention to return to such
7 other state or to acquire a domicile at some other place outside of Idaho.
8 Institutions determining whether a student is domiciled in the state of Idaho
9 primarily for purposes other than educational shall consider, but shall not be
10 limited to, the following factors:

11 (a) Registration and payment of Idaho taxes or fees on a motor vehicle,
12 mobile home, travel trailer, or other item of personal property for which
13 state registration and the payment of a state tax or fee is required;

14 (b) Filing of Idaho state income tax returns;

15 (c) Permanent full-time employment or the hourly equivalent thereof in
16 the state of Idaho;

17 (d) Registration to vote for state elected officials in Idaho at a gen-
18 eral election.

19 (4) The state board of education and the board of regents of the univer-
20 sity of Idaho shall adopt uniform and standard rules applicable to all state
21 colleges and universities now or hereafter established to determine resident
22 status of any student and to establish procedures for review of that status.

23 (5) Appeal from a final determination denying resident status may be ini-
24 tiated by the filing of an action in the district court of the county in which
25 the affected college or university is located; an appeal from the district
26 court shall lie as in all civil actions.

27 (6) Nothing contained herein shall prevent the state board of education
28 and the board of regents of the university of Idaho from establishing quotas,
29 standards for admission, standards for readmission, or other terms and
30 requirements governing persons who are not residents for purposes of higher
31 education.

32 (7) For students who apply for special graduate and professional programs
33 including, but not limited to, the WAMI (Washington, Alaska, Montana, Idaho)
34 regional medical program, the WICHE student exchange programs, Creighton uni-
35 versity school of dental science, the university of Utah college of medicine,
36 and the Washington, Oregon, Idaho (WOI) regional program in veterinary medical
37 education, no applicant shall be certified or otherwise designated as a bene-

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38 ficiary of such special program who has not been a resident of the state of
39 Idaho for at least one (1) calendar year previous to the application date.

40 SECTION 5. That Section 33-3717A, Idaho Code, be, and the same is hereby
41 amended to read as follows:

42 33-3717AC. WAIVING FEES OR TUITION FOR CERTAIN NONRESIDENT STUDENTS.

(1)

43 Notwithstanding any other provision of law the state board of education and
44 the board of regents of the university of Idaho may determine when to grant a
45 full or partial waiver of fees or tuition charged to nonresident students pur-
46 suant to reciprocal agreements with other states. In making this determina-
47 tion, the state board of education and the board of regents of the university
48 of Idaho shall consider the potential of the waiver to:

49 (a) Enhance educational opportunities for Idaho residents;
50 (b) Promote mutually beneficial cooperation and development of Idaho com-
51 munities and nearby communities in neighboring states;
52 (c) Contribute to the quality of educational programs; and
53 (d) Assist in maintaining the cost effectiveness of auxiliary operations
1 in Idaho institutions of higher education.

2 (2) Consistent with the determinations made pursuant to subsection (1)
3 hereof, the state board of education and the board of regents of the univer-
4 sity of Idaho may enter into agreements with other states to provide for a
5 full or partial reciprocal waiver of fees or tuition charged to students. Each
6 agreement shall provide for the numbers and identifying criteria of students,
7 and shall specify the institutions of higher education that will be affected
8 by the agreement.

9 (3) The state board of education and the board of regents of the univer-
10 sity of Idaho shall establish policy guidelines for the administration by the
11 affected Idaho institutions of any tuition waivers authorized under this sec-
12 tion, for evaluating applicants for such waivers, and for reporting the
13 results of the reciprocal waiver programs authorized in this section.

14 (4) A report and financial analysis of any waivers of tuition authorized
15 under this section shall be submitted annually to the legislature as part of
16 the budget recommendations of the state board of education and the board of
17 regents of the university of Idaho for the system of higher education in this
18 state.

19 SECTION 6. That Section 33-3720, Idaho Code, be, and the same is hereby
20 amended to read as follows:

21 33-3720. PROFESSIONAL STUDIES PROGRAM. (1) It is hereby declared that it
22 is in the public interest to assist Idaho citizens who wish to pursue profes-
23 sional studies in the fields of medicine, dentistry, veterinary medicine, and
24 other health-related areas of study which are not available within the state
25 by (a) entering into compacts or contractual agreements which make such
26 courses of study available to Idaho citizens, and (b) providing a mechanism to
27 provide funds for such Idaho citizens.

28 (2) The state board of education is hereby authorized to enter into loan
29 agreements with qualified recipients to participate in qualified programs,
30 which agreements shall include provisions for repayment of the loan on terms
31 agreed to by the board and the qualified recipient; such repayment agreements

BUSINESS AFFAIRS AND HUMAN RESOURCES
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32 may include provisions for decreasing or delaying or forgiving the repayment
33 obligation in relationship to the recipient's course of study or agreement to
34 return to Idaho to practice professionally.

35 (a) A qualified recipient shall be any Idaho student accepted into a
36 qualified program who meets the residency requirements imposed by section
37 33-3717B, Idaho Code, and the rules of the state board of education.

38 (b) A qualified program shall be a program enumerated in section
39 33-3717B(87), Idaho Code, and any other medical, dental, veterinary medi-
40 cine, or other health-related program in which participation by Idaho res-
41 idents has been authorized by the legislature and for which funds have
42 been obligated by the board pursuant to subsection (3) of this section.

43 (3) The state board of education is hereby authorized to transfer, dis-
44 tribute or pay such moneys as are available in the professional studies
45 account to the school, program, or compact providing the course of study pur-
46 suant to contracts, agreements, or compacts entered into by the legislature or
47 the state board of education.

48 (4) The state board of education is hereby authorized to adopt all neces-
49 sary rules, subject to the provisions of chapter 52, title 67, Idaho Code, for
50 the administration of the professional studies program.

51 SECTION 7. That Section 33-4306, Idaho Code, be, and the same is hereby
52 amended to read as follows:

1 33-4306. DEFINITIONS. As used in this act, unless the context otherwise
2 requires:

3 (1) "Eligible postsecondary institution" means a public postsecondary
4 organization governed or supervised by the state board of education, the board
5 of regents of the university of Idaho, a board of trustees of a community col-
6 lege established pursuant to the provisions of section 33-2106, Idaho Code, or
7 the state board for professional-technical education or any educational orga-
8 nization which is operated privately and not for profit under the control of
9 an independent board and not directly controlled or administered by a public
10 or political subdivision. A public or private educational organization becomes
11 eligible to participate in category B grant awards if the organization agrees
12 to match awards granted to each eligible category B student. If an institu-
13 tion declines to match awards, an eligible student will receive the state por-
14 tion of the award to that institution.

15 (2) "Educational costs" means student costs for tuition, fees, room and
16 board, or expenses related to reasonable commuting, books and such other
17 expenses reasonably related to attendance at a postsecondary educational
18 institution.

19 (3) "Student" means an individual resident student as defined in section
20 33-3717B or 33-2110B, Idaho Code, enrolled full-time full time and carrying a
21 sufficient number of credit hours, or their equivalent, to secure an
22 individual's first degree, certificate, diploma or less, toward which the
23 individual is working, in no more than the number of semesters, or equivalent,
24 normally required by the eligible postsecondary institution in the program in
25 which the individual is enrolled and provided that the baccalaureate degree,
26 certificate, diploma or lesser program requires at least six (6) months or
27 equivalent of consecutive attendance. A student engaged in a four (4) year

BUSINESS AFFAIRS AND HUMAN RESOURCES
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28 baccalaureate program shall not be terminated from this scholarship program by
29 having earned an intermediate degree, certificate or diploma.

30 (4) "Enrollment" means the establishment and maintenance of an
31 individual's status as a student in an eligible postsecondary institution,
32 regardless of the term used at the institution to describe such status.

33 (5) "Eligible category A student" means any individual who declares his
34 intention to matriculate in an eligible postsecondary institution in the state
35 of Idaho during the educational year immediately following:

36 (a) The individual's graduation from an accredited secondary school in
37 the state of Idaho; or

38 (b) The individual's graduation from an accredited secondary school out-
39 side of the United States, provided that the individual graduated from
40 such school, and the individual and a parent of the individual were resi-
41 dents of the state of Idaho, within one (1) year of leaving the state due
42 to the military status or job relocation of a parent.

43 (6) "Eligible category B student" means any student, having completed
44 secondary school or its equivalent in the state of Idaho, or outside of the
45 United States if within one (1) year of leaving the state due to the military
46 status or job relocation of a parent (a) the student completed such secondary
47 school or its equivalent, and (b) the student and a parent of the student were
48 residents of the state of Idaho, and who enrolls as a student in an eligible
49 postsecondary institution in the state of Idaho prior to reaching twenty-two
50 (22) years of age. To maintain eligibility a student must achieve and maintain
51 a 2.5 cumulative grade point average while enrolled in an eligible post-
52 secondary institution. Students meeting the requirements of this subsection
53 who were not eligible for a grant in the first term of postsecondary education
54 and who achieve and maintain a 2.5 cumulative grade point average based on a
55 4.0 system in an eligible postsecondary institution will become eligible for
1 grant payments in subsequent school terms.

2 (7) "Grant" means an award to an eligible student for matriculation in an
3 eligible postsecondary institution in the state of Idaho.

4 (8) "Educational year" means the period from July 1 of a year through
5 June 30 of the succeeding year.

6 (9) "Competitive examination" means standardized examination(s) measuring
7 achievement administered annually on a voluntary basis on a specified date and
8 at specified locations announced publicly.

9 (10) "High school record," for category A students, will be defined by the
10 state board of education and the board of regents of the university of Idaho
11 and may include, but need not be limited to, an individual's rank in his sec-
12 ondary school class, grade point average, and difficulty of course load taken
13 as certified by an official of such secondary school, and the individual's
14 secondary school department as evaluated by at least two (2) officials of such
15 secondary school.

16 (11) "High school record," for category B students, shall be defined by
17 the state board of education and the board of regents of the university of
18 Idaho and may include, but need not be limited to, an individual's secondary
19 school cumulative grade point average or a composite score on the American
20 college test (ACT).

BUSINESS AFFAIRS AND HUMAN RESOURCES
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21 (12) "Cumulative grade point average" is defined as a student's cumulative
22 grade point average for all courses taken in grades nine (9) through twelve
23 (12) and calculated on a grade of A equals 4.0 points, a grade of B equals 3.0
24 points, a grade of C equals 2.0 points, a grade of D equals 1.0 point and a
25 grade of F equals 0.0 points.

26 SECTION 8. That Section 33-4403, Idaho Code, be, and the same is hereby
27 amended to read as follows:

28 33-4403. DEFINITIONS. As used in this chapter:

29 (1) "Accredited institution of higher education" means any public or pri-
30 vate university, college, or community college in Idaho accredited by the
31 northwest association of schools and colleges, or any public professional-
32 technical school operated by the state of Idaho or any political subdivision
33 thereof; provided, that no institution of higher education shall be eligible
34 to participate in the program unless it agrees to and complies with program
35 rules and regulations adopted by the board pursuant to chapter 52, title 67,
36 Idaho Code; provided, further, that private accredited institutions of higher
37 education which are controlled by sectarian organizations, and students
38 attending such institutions, may participate only in the educational need,
39 off-campus work experience portion of this program and such off-campus employ-
40 ment may not be located at, or be performed on behalf of, a sectarian or reli-
41 gious establishment.

42 (2) "Board" means the state board of education.

43 (3) "Program" means the Idaho work study program established pursuant to
44 this chapter.

45 (4) "Resident student" means an individual as defined in section
46 33-3717B, Idaho Code.

47 (5) "Student" means an individual currently at an Idaho school enrolled
48 in a postsecondary degree program, or a state supported professional-technical
49 program.

50 (6) "Student with educational need" means a post-high school student in
51 good standing at an accredited institution of higher learning who is desirous
52 of obtaining work experience related to the student's course of academic
53 study, in either on-campus or approved off-campus employment, and who meets
1 the institutional requirements for determining educational need; provided,
2 however, a student whose academic course of study is sectarian in nature or
3 who is pursuing an educational program leading to a baccalaureate degree in
4 theology or divinity may not participate in this program.

5 (7) "Student with financial need" means a post-high school student in
6 good standing at an accredited institution of higher learning who demonstrates
7 to the institution the financial inability, either through the student's par-
8 ents, family and/or personally, to meet the institutionally defined cost of
9 education, and further demonstrates the ability and willingness to work in a
10 student work study program, according to the stated needs of the institution.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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STATEMENT OF PURPOSE
RS 14876

The purpose of this legislation is to grant the State Board of Education the authority to set fees, including tuition fees, for all resident and nonresident students attending Boise State University, Idaho State University, and Lewis-Clark State College. The University of Idaho is not included due to the constitutional charter of the University. The purpose of this legislation is not to increase student fees. Rather, it is designed to clarify the purposes for which those funds may be used. The reason this legislation is needed is that the current tuition prohibition sets restrictions on the fees paid by the students and hinders college and universities from being responsive to student needs. Since the fees collected from the students cannot be used for instructional costs, the students cannot have their fees used to support core instructional activities, i.e., faculty salaries, additional faculty, library support, etc.

FISCAL NOTE

Under current law, students fees only can be used for designated purposes. The intent of this legislation is not designed to increase student fees, but rather to provide greater flexibility to the state college and universities with respect to the use of fees to fund educational and instructional costs. This legislative proposal is not intended to increase student fees more than otherwise might occur. Accordingly, there will be no fiscal impact to the General Fund.

INSTITUTION / AGENCY AGENDA
AGENCIES AND INSTITUTIONS OF THE STATE BOARD

SUBJECT

FY 2005 Student Fee & Tuition Rates

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND

Section V.R. (Pages 33-38) contains the Board policy that defines fees, identifies the process to change fees, and establishes the approval level required for the various student fees (chief executive officer or the Board). The policy states

“In setting fees, the Board will consider recommended fees as compared to fees at peer institutions, percent fee increases compared to inflationary factors, fees as a percent of per capita income and/or household income, and the share students pay of their education costs. Other criteria may be considered as is deemed appropriate at the time of a fee change. An institution cannot request more than a ten percent (10%) increase in the total full-time student fee unless otherwise authorized by the Board.”

Per Board policy BSU, ISU, UI, LCSC, and EITC have notified students of proposed fee increases, have conducted public hearings, and now recommend to the Board student fee and tuition rates for FY 2006.

DISCUSSION

Page 5 summarizes the recommended fees and tuition fee increases followed by two charts displaying current (05) and proposed (06) fee levels for Idaho resident undergraduate and graduate students.

The average for the WICHE states has been used historically for fee and tuition fee comparisons. Page 9 compares current fiscal year (04-05) WICHE states' fees and tuition fee averages for residents and nonresidents for the universities and Lewis-Clark State College

The institutions' detailed fee schedules (Pages: BSU 11-16; ISU 17-20; UI 21-24; LCSC 25-28; and EITC 29-32) consist of: 1) a narrative justification of the fee increase request and planned uses of the additional revenue; 2) a schedule detailing the fee and tuition fee changes; and 3) a schedule projecting the amount of revenue generated from the fee and tuition fee changes.

IMPACT

Part of the additional revenue to support FY06 institutional operating budgets is generated by increased student fees and tuition fees. The additional fee revenue will be used, in part, to fund Maintenance of Current Operations (MCO) cost increases that have not been funded with other revenue.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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INSTITUTION / AGENCY AGENDA

AGENCIES AND INSTITUTIONS OF THE STATE BOARD - continued

STAFF COMMENTS

The student fee request and institutional process that occurred on campus, and the presentation of those results occurred in the same fashion as in previous years. The “tuition” legislation (HB 231) that will take effect on July 1, 2005, was not part of the fee process described herein.

The recommended fees are within the Board’s designated increase limit of 10%. For the current year, Idaho’s undergraduate resident fee for universities is 9.5% below the WICHE average, and Lewis Clark State College is 1.0% below the WICHE average. The Board has previously stated its intention to have non-resident tuition be at the WICHE average. As can be seen on the chart on page 8, Idaho is currently approximately 11.5% below the WICHE average for universities and 6.8% below the WICHE average for Lewis-Clark State College.

Page 4 contains page 28 from the FY 2006 Idaho Legislative Budget Book showing the reduction in the percentage of the General Fund allocated to College & Universities over the last 22 years from 15.5% in 1984 to 10.7% in 2005. This reduction is one significant reason for fee and tuition fee increases in previous years.

The data below is provided for purposes of comparing fee increases to other factors as noted in Board policy – “Background”, page 1).

% Increase from prior year:	FY 2003	FY 2004	FY 2005
Resident undergraduate fees	11.94%	9.63%	8.13%
Consumer Price Index ¹	1.79%	2.15%	2.21%
Idaho Per Capita Income ²	2.31%	1.19%	4.62%
Idaho Average Annual Wage ³	1.46%	1.80%	2.35%

Fees as % of Gen./Endow. Approp	29.95%	42.85%	46.86%
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Sources:

¹ Consumer Price Index: Bureau of Labor Statistics, U.S. Department of Labor

² Idaho Per Capita Income: U.S. Department of Commerce Bureau of Economic Analysis

³ Idaho Average Annual Wage: Idaho Commerce & Labor

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2004

INSTITUTION / AGENCY AGENDA

AGENCIES AND INSTITUTIONS OF THE STATE BOARD - continued

BOARD ACTION

A motion to approve the fee and tuition rates for FY 2006 for Boise State University, Idaho State University, University of Idaho, Lewis-Clark State College, and Eastern Idaho Technical College as recommended and displayed on Pages 11-32.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2004

22 Year History of General Fund

Original Appropriations: 1984 to 2005

Millions of Dollars

Fiscal Year	Public Schools	College & Universities	All Other Education	Total Education	Health & Welfare*	Adult & Juv Corrections	All Other Agencies	Total Gen Fund
2005	\$964.7	\$223.4	\$138.3	\$1,326.3	\$407.6	\$142.8	\$205.5	\$2,082.1
2004	\$943.0	\$218.0	\$131.3	\$1,292.3	\$375.8	\$140.6	\$195.3	\$2,004.1
2003	\$920.0	\$213.6	\$130.4	\$1,264.0	\$359.6	\$145.0	\$199.3	\$1,967.9
2002	\$933.0	\$236.4	\$142.1	\$1,311.5	\$358.0	\$147.3	\$227.5	\$2,044.3
2001	\$873.5	\$215.0	\$121.1	\$1,209.5	\$282.1	\$123.2	\$189.2	\$1,804.0
2000	\$821.1	\$202.0	\$110.4	\$1,133.4	\$270.7	\$108.5	\$162.1	\$1,674.7
1999	\$796.4	\$192.9	\$103.5	\$1,092.8	\$252.7	\$106.4	\$159.0	\$1,610.8
1998	\$705.0	\$178.6	\$94.4	\$978.0	\$236.6	\$90.3	\$134.0	\$1,438.9
1997	\$689.5	\$178.0	\$94.4	\$961.9	\$238.5	\$78.6	\$133.7	\$1,412.7
1996	\$664.0	\$171.0	\$88.8	\$923.8	\$224.3	\$73.5	\$127.3	\$1,348.8
1995	\$620.5	\$164.5	\$87.8	\$872.8	\$226.9	\$50.3	\$114.2	\$1,264.2
1994	\$528.0	\$146.0	\$75.7	\$749.7	\$192.5	\$44.2	\$98.1	\$1,084.6
1993	\$497.0	\$139.0	\$73.1	\$709.1	\$163.9	\$37.5	\$96.6	\$1,007.1
1992	\$487.5	\$141.4	\$74.0	\$703.0	\$146.9	\$37.5	\$100.0	\$987.4
1991	\$450.1	\$133.3	\$67.9	\$651.3	\$132.7	\$32.3	\$93.3	\$909.5
1990	\$394.3	\$115.5	\$58.3	\$568.0	\$101.1	\$25.1	\$79.4	\$773.7
1989	\$356.0	\$106.0	\$52.3	\$514.3	\$84.0	\$19.3	\$68.2	\$685.8
1988	\$343.0	\$101.7	\$50.2	\$494.9	\$79.3	\$17.0	\$66.2	\$657.3
1987	\$314.0	\$90.7	\$46.5	\$451.2	\$71.7	\$15.3	\$62.7	\$600.9
1986	\$304.0	\$88.0	\$46.5	\$438.5	\$71.5	\$14.9	\$62.7	\$587.7
1985	\$288.8	\$80.9	\$43.7	\$413.3	\$70.2	\$12.7	\$61.9	\$558.1
1984	\$215.0	\$70.0	\$38.7	\$323.7	\$64.1	\$11.5	\$52.4	\$451.6

Percentage of Total

Fiscal Year	Public Schools	College & Universities	All Other Education	Total Education	Health & Welfare*	Adult & Juv Corrections	All Other Agencies	Total
2005	46.3%	10.7%	6.6%	63.7%	19.6%	6.9%	9.9%	100%
2004	47.1%	10.9%	6.6%	64.5%	18.8%	7.0%	9.7%	100%
2003	46.8%	10.9%	6.6%	64.2%	18.3%	7.4%	10.1%	100%
2002	45.6%	11.6%	7.0%	64.2%	17.5%	7.2%	11.1%	100%
2001	48.4%	11.9%	6.7%	67.0%	15.6%	6.8%	10.5%	100%
2000	49.0%	12.1%	6.6%	67.7%	16.2%	6.5%	9.7%	100%
1999	49.4%	12.0%	6.4%	67.8%	15.7%	6.6%	9.9%	100%
1998	49.0%	12.4%	6.6%	68.0%	16.4%	6.3%	9.3%	100%
1997	48.8%	12.6%	6.7%	68.1%	16.9%	5.6%	9.5%	100%
1996	49.2%	12.7%	6.6%	68.5%	16.6%	5.4%	9.4%	100%
1995	49.1%	13.0%	6.9%	69.0%	17.9%	4.0%	9.0%	100%
1994	48.7%	13.5%	7.0%	69.1%	17.8%	4.1%	9.0%	100%
1993	49.3%	13.8%	7.3%	70.4%	16.3%	3.7%	9.6%	100%
1992	49.4%	14.3%	7.5%	71.2%	14.9%	3.8%	10.1%	100%
1991	49.5%	14.7%	7.5%	71.6%	14.6%	3.5%	10.3%	100%
1990	51.0%	14.9%	7.5%	73.4%	13.1%	3.2%	10.3%	100%
1989	51.9%	15.5%	7.6%	75.0%	12.3%	2.8%	9.9%	100%
1988	52.2%	15.5%	7.6%	75.3%	12.1%	2.6%	10.1%	100%
1987	52.3%	15.1%	7.7%	75.1%	11.9%	2.5%	10.4%	100%
1986	51.7%	15.0%	7.9%	74.6%	12.2%	2.5%	10.7%	100%
1985	51.7%	14.5%	7.8%	74.1%	12.6%	2.3%	11.1%	100%
1984	47.6%	15.5%	8.6%	71.7%	14.2%	2.5%	11.6%	100%

* Juvenile Corrections moved from Health and Welfare to "Adult & Juv Corrections" in FY 1996 and the Department of Environmental Quality and Veterans Services moved to "All Other Agencies" in FY 2001

Colleges & Universities

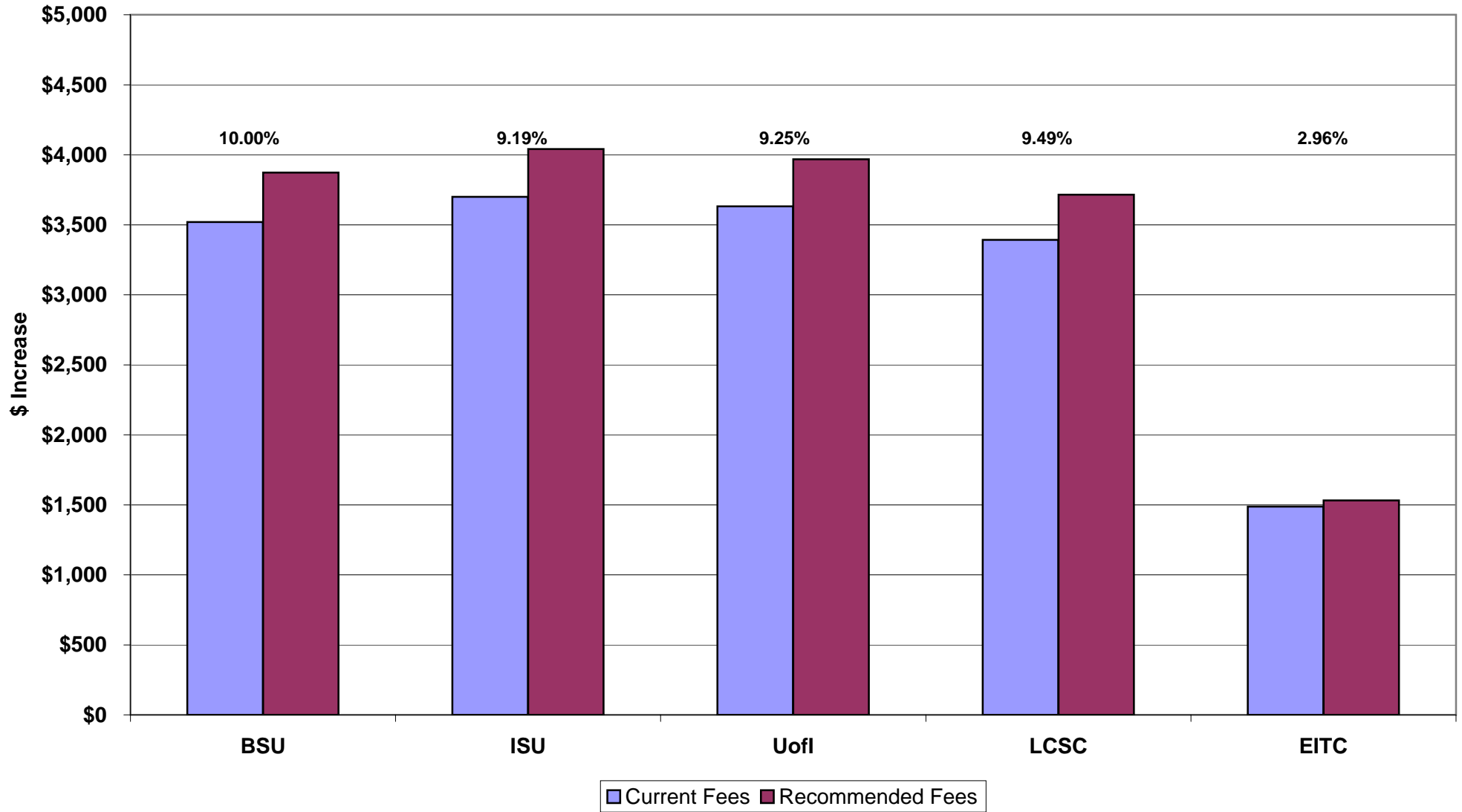
Summary of FY2006 Annual Student Fees As Recommended by the Institutions

		Recommended Fee Increases							Recommended
Institution	FY05 Fees	Board Apprd Fees		CEO Apprd Fees		Total Fees		FY2006 Fees	
		Amount	% Incr	Amount	% Incr	Amount	% Incr		
1 Full-time Fees & Tuition:									
2 Resident Tuition and Fees:									
3 Undergraduate:									
4 Boise State University	\$3,520.00	\$290.00	8.24%	\$62.00	1.76%	\$352.00	10.00%	\$3,872.00	
5 Idaho State University	\$3,700.00	\$253.30	6.85%	\$86.70	2.34%	\$340.00	9.19%	\$4,040.00	
6 * University of Idaho	\$3,632.00	\$247.30	6.81%	\$88.70	2.44%	\$336.00	9.25%	\$3,968.00	
7 Lewis Clark State College	\$3,392.00	\$320.00	9.43%	\$2.00	0.06%	\$322.00	9.49%	\$3,714.00	
8 Eastern Idaho Tech College	\$1,488.00	\$44.00	2.96%	\$0.00	0.00%	\$44.00	2.96%	\$1,532.00	
9 Average 4 year schools	\$3,561.00					\$337.50	9.48%	\$3,898.50	
10 Graduate:									
11 Boise State University	\$4,232.00	\$325.00	7.68%	\$62.00	1.47%	\$387.00	9.14%	\$4,619.00	
12 Idaho State University	\$4,380.00	\$313.30	7.15%	\$86.70	1.98%	\$400.00	9.13%	\$4,780.00	
13 University of Idaho	\$4,172.00	\$247.30	5.93%	\$88.70	2.13%	\$336.00	8.05%	\$4,508.00	
14 Average Grad Schls	\$4,261.33					\$374.33		\$4,635.67	
15 Nonresident Tuition and Fees:									
16 Undergraduate									
17 Boise State University	\$10,576.00	\$642.00	6.07%	\$62.00	0.59%	\$704.00	6.66%	\$11,280.00	
18 Idaho State University	\$10,780.00	\$873.30	8.10%	\$86.70	0.80%	\$960.00	8.91%	\$11,740.00	
19 University of Idaho	\$11,652.00	\$997.30	8.56%	\$88.70	0.76%	\$1,086.00	9.32%	\$12,738.00	
20 Lewis Clark State College	\$9,632.00	\$632.00	6.56%	\$2.00	0.02%	\$634.00	6.58%	\$10,266.00	
21 Eastern Idaho Tech College	\$5,454.00	\$162.00	2.97%	\$0.00	0.00%	\$162.00	2.97%	\$5,616.00	
22 Average 4 year schools	\$10,660.00					\$846.00		\$11,506.00	
23 Graduate:									
24 Boise State University	\$11,288.00	\$677.00	6.00%	\$62.00	0.55%	\$739.00	6.55%	\$12,027.00	
25 Idaho State University	\$11,460.00	\$933.30	8.14%	\$86.70	0.76%	\$1,020.00	8.90%	\$12,480.00	
26 University of Idaho	\$12,192.00	\$997.30	8.18%	\$88.70	0.73%	\$1,086.00	8.91%	\$13,278.00	
27 Average Grad Schls	\$11,646.67					\$948.33		\$12,595.00	
28									
29 Part-time Credit Hour Tuition & Fees:									
30 Resident Fees:									
31 Undergraduate:									
32 Boise State University	\$177.00	\$14.40	8.14%	\$3.60	2.03%	\$18.00	10.17%	\$195.00	
33 Idaho State University	\$185.00	\$9.00	4.86%	\$8.00	4.32%	\$17.00	9.19%	\$202.00	
34 University of Idaho	\$178.00	\$12.00	6.74%	\$0.00	0.00%	\$12.00	6.74%	\$190.00	
35 Lewis Clark State College	\$171.00	\$14.00	8.19%	\$0.00	0.00%	\$14.00	8.19%	\$185.00	
36 Eastern Idaho Tech College	\$74.00	\$2.00	2.70%	\$0.00	0.00%	\$2.00	2.70%	\$76.00	
37 In-Service Teacher Fee	\$60.00	\$5.00	8.33%	\$0.00	0.00%	\$5.00	8.33%	\$65.00	
38									
39 Graduate:									
40 Boise State University	\$216.00	\$16.40	7.59%	\$3.60	1.67%	\$20.00	9.26%	\$236.00	
41 Idaho State University	\$219.00	\$12.00	5.48%	\$8.00	3.65%	\$20.00	9.13%	\$239.00	
42 University of Idaho	\$205.00	\$12.00	5.85%	\$0.00	0.00%	\$12.00	5.85%	\$217.00	
43 In-Service Teacher Fee	\$72.00	\$5.00	6.94%	\$0.00	0.00%	\$5.00	6.94%	\$77.00	
44									
45 Nonresident Tuition and Fees:									
46 Pt Tm Nonresident Cr Hr Tuition									
47 Idaho State University	\$102.00	\$8.00	7.84%	\$0.00	0.00%	\$8.00	7.84%	\$110.00	
48 University of Idaho	\$123.00	\$7.00	5.69%	\$0.00	0.00%	\$7.00	5.69%	\$130.00	

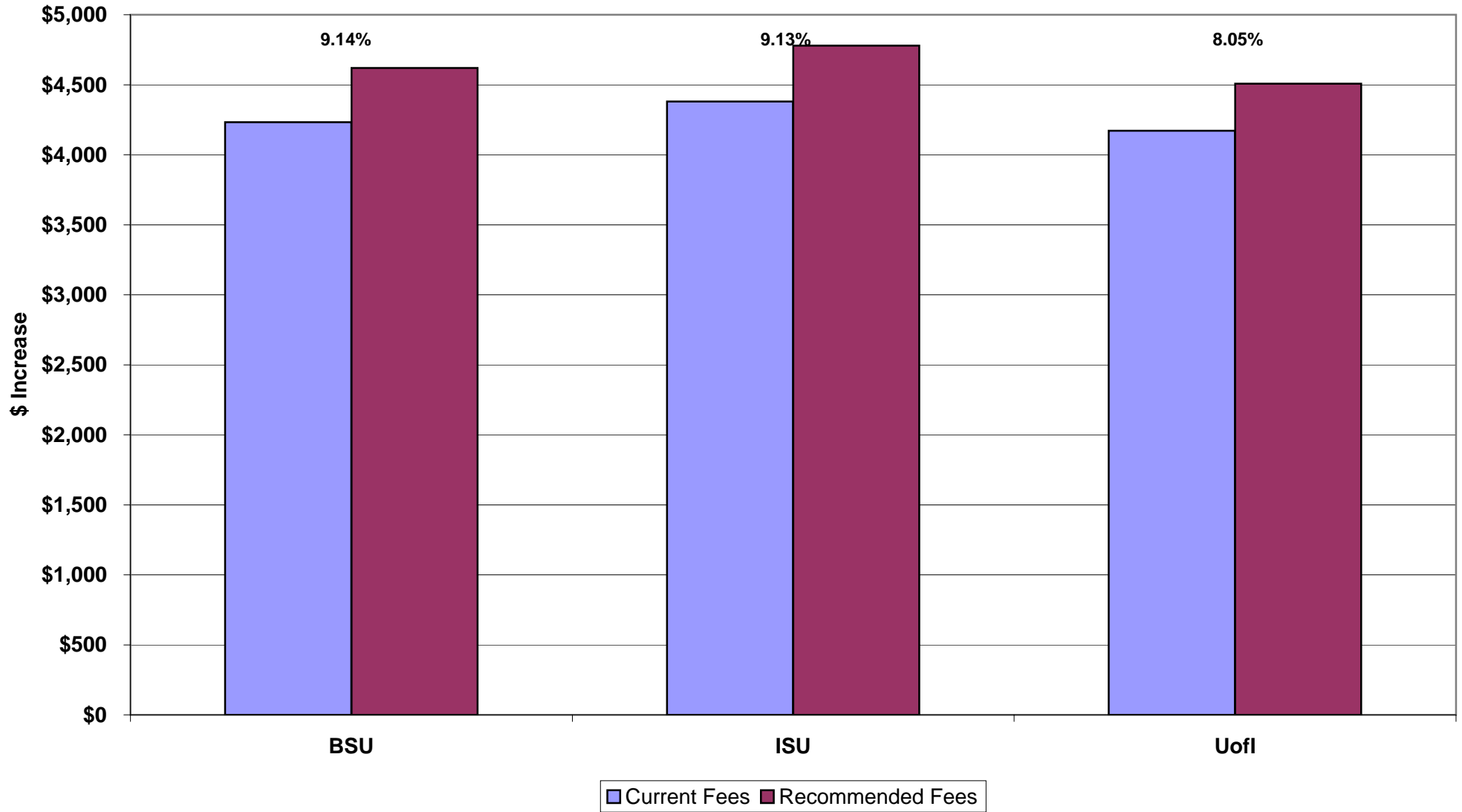
* Note: Includes non-instructional fees only - not tuition

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**Idaho Undergraduate Resident Fees
FY05 Actual Fees and FY06 Recommended Fees
with Percentage Increase**



**Idaho Graduate Resident Fees
FY05 Actual Fees and FY06 Recommended Fees
with Percentage Increase**



College & Universities

State Ranking by Type of Institution - WICHE States 2004 - 2005 Tuition & Fees

Resident Undergraduate Annual Fees

1	Rank	Universities (BSU, ISU, UofI)	Amount	% of Average	Rank	Other Institutions (LCSC)	Amount	% of Average
2	1	Washington	5,168	129.3%	1	Oregon	4,543	132.6%
3	2	Oregon	4,842	121.2%	2	South Dakota	4,529	132.1%
4	3	North Dakota	4,802	120.2%	3	North Dakota	4,138	120.7%
5	4	South Dakota	4,477	112.1%	4	Montana	4,058	118.4%
6	5	Montana	4,477	112.1%	5	Washington	3,935	114.8%
7	6	California	4,100	102.6%		Average	3,427	100.0%
8	7	Arizona	4,075	102.0%	6	Idaho	3,392	99.0%
9	8	Colorado	4,018	100.6%	7	Colorado	3,163	92.3%
10		Average	3,995	100.0%	8	New Mexico	2,702	78.8%
11	9	Alaska	3,835	96.0%	9	Utah	2,651	77.4%
12	10	Utah	3,687	92.3%	10	Hawaii	2,369	69.1%
13	11	New Mexico	3,676	92.0%	11	Nevada	2,220	64.8%
14	12	Idaho	3,617	90.5%				
15	13	Hawaii	3,581	89.6%				
16	14	Nevada	2,850	71.3%				
17	15	Wyoming	2,721	68.1%				

Nonresident Undergraduate Annual Fees

20	Rank	Universities (BSU, ISU, UofI)	Amount	% of Average	Rank	Other Institutions (LCSC)	Amount	% of Average
21	1	Colorado	17,915	144.1%	1	Washington	13,192	127.6%
22	2	California	16,788	135.0%	2	Colorado	12,884	124.7%
23	3	Washington	15,724	126.5%	3	Montana	12,484	120.8%
24	4	Oregon	14,738	118.5%	4	Oregon	10,845	104.9%
25	5	Montana	13,273	106.7%		Average	10,336	100.0%
26	6	Arizona	12,992	104.5%	5	Idaho	9,632	93.2%
27		Average	12,434	100.0%	6	South Dakota	9,373	90.7%
28	7	New Mexico	12,329	99.2%	7	New Mexico	9,337	90.3%
29	8	Nevada	11,524	92.7%	8	North Dakota	9,292	89.9%
30	9	North Dakota	11,473	92.3%	9	Nevada	8,896	86.1%
31	10	Utah	11,060	88.9%	10	Utah	8,374	81.0%
32	11	Idaho	11,003	88.5%	11	Hawaii	7,721	74.7%
33	12	Alaska	10,765	86.6%				
34	13	Hawaii	10,061	80.9%				
35	14	South Dakota	9,321	75.0%				
36	15	Wyoming	7,545	60.7%				

Note: Data obtained from WICHE 2004-2005 Detailed Tuition & Fees Tables, December, 2004.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2004

BOISE STATE UNIVERSITY
STUDENT FEE INCREASE REQUEST

Boise State University held student fee hearings on February 24th. Subsequently the Executive Budget Committee met to deliberate on the fee requests and to review student testimonies and the potential impact to students and the campus. The Executive Budget Committee is comprised of Vice Presidents, several representatives from Faculty and Staff organizations as well as the Student Body president and vice president. After many hours of thoughtful discussion and careful analysis, Boise State University is recommending a 10% fee increase for full-time resident students. This increase was a unanimous decision by the budget committee with the exception of one member abstaining from the vote. The recommended fee increase is an increase of \$176.00 per semester for full-time students. Below are the details of each fee and the intended use of the increased revenue.

General Education Fees

Increase: FT - \$145.00/semester
 PT/Summer - \$14.50/credit

Boise State's sustained growth in student enrollments has created pressures on staffing and infrastructure budgets. This fee increase is expected to partially cover such costs as occupancy costs, projected utility increases, inflationary costs and funds to address pressing needs due to enrollment growth.

Facilities Fee

New Fee: FT - \$25.00/semester
 PT/Summer - \$2.50/credit

This fee is designed to provide funds to assist with implementing the University Framework Master Plan. The plan will combine the student fee revenue bond system with donated private dollars, federal grant and appropriated dollars and state funds to help provide the facilities needed for the University to succeed in its mission. Essentially the University would be funding the concepts contained in a Master Plan, rather than funding based on one-time needs.

Health, Wellness and Counseling Services

Increase: FT - \$3.00/semester
 PT - \$1.00/credit

This fee will provide funds to improve the accessibility to primary clinical, counseling and health promotion services.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2004

ASBSU – Conservation Coordinators

New Fee: FT - \$1.00/semester
 PT/Summer - \$0.10/credit

This fee is designed to expand conservation education across campus and into the Boise Community. In addition it is intended that students will work closely with Facilities Operations and Maintenance staff to increase convenience of recycling for all students, faculty and staff at Boise State with an expansion of recycling bins in offices, housing and common areas.

Spirit Squad/Maneline Dancers

New Fee: FT - \$2.00/semester

Boise State Cheerleaders and Maneline Dancers support virtually all athletic events and numerous community events. The fee has not changed in over 20 years. Inflation, combined with increased demands of performance schedules, has resulted in a need to increase the existing fee to assist with covering costs of travel and uniform replacement.



Summary of Student Fee Hearing February 24, 2005

VOLUNTEER SERVICES BOARD

Heather Gribble, Director of the Volunteer Services Board, presented the request for an increase to the Volunteer Services Board student fees from \$1.90 to \$3.50 for full-time students and from 0.10 to 0.35 for part-time students.

There was no testimony about the proposed volunteer services board fee increase.

GENERAL EDUCATION FEE

Chris Rosenbaum, Boise State University Budget Director, presented the request for an increase to the full-time general education fee from \$1,138.85 to \$1,314.85 per semester for full-time students, and from \$123.80 to \$141.50 per credit for part-time and summer students.

Student Testimony

Aubrey Salazar testified against the increase in the general education fee.

Tabielle Antchekov testified against the increase in the general education fee.

STRATEGIC FACILITIES FEE

Kevin Satterlee, Associate Vice President for Planning, presented the request for a new strategic facilities fee of \$75 full-time students and \$7.50 for part-time and summer students. If approved, that fee will be combined with funding from other sources to meet the existing and future needs for campus facilities, including the expansion of the Student Union.

Leah Barrett, Director of the Student Union and Activities, testified in support of the strategic facilities fee and explained the facility needs of the SUB.

Student Testimony

Tabielle Antchekov testified against the strategic facilities fee.

Heather Gribble testified in support of the strategic facilities fee.

Jefferson Day testified against the strategic facilities fee.

Seth Merritt testified in support of the strategic facilities fee.

Aubrey Salazar registered her opposition to the strategic facilities fee.

BSU SPIRIT SQUAD/MANELINE DANCERS

Julie Stevens, Director/Coach, presented the request for a new \$2.85 full-time fee for the BSU Spirit Squad/ManeLine Dancers.

The Executive Budget Committee received 14 letters supporting the Spirit Squad/ManeLine Dancers fee.

Jonathan Wood, former student, testified in support of the proposed Spirit Squad/ManeLine Dancers fee.

Student Testimony

Aubrey Salazar testified against the proposed BSU Spirit Squad/ManeLine Dancer fee.

Morgan McCamish testified in support of the proposed Spirit Squad/ManeLine Dancers fee.

Jamie Herbst testified in support of the proposed Spirit Squad/ManeLine Dancers fee.

Jen Hesse testified in support of the proposed Spirit Squad/ManeLine Dancers fee.

Bridget Budell testified in support of the proposed Spirit Squad/ManeLine Dancers fee.

Abbey Ruddell testified in support of the proposed Spirit Squad/ManeLine Dancers fee.

Wyatt Parke testified in support of the proposed Spirit Squad/ManeLine Dancers fee.

Nick Hetterlong testified in support of the proposed Spirit Squad/ManeLine Dancers fee.

HEALTH, WELLNESS & COUNSELING SERVICES FEE

Ferd Schlapper, Executive Director of Health, Wellness and Counseling Services, presented the request for an increase to the Health, Wellness & Counseling Services from \$25 to \$30 for full-time students, \$3.00 for part-time students and from \$1.00 to \$3.00 for summer term students.

Student Testimony

Wyatt Parke testified in support of the proposed fee increase for Health, Wellness and Counseling Services.

Aubrey Salazar registered her opposition to the proposed fee increase for Health, Wellness and Counseling Services.

ASBSU CONSERVATION FEE

Seth Merritt and Olivia Linn, ASBSU Conservation Coordinators, presented their request for a new \$1.50 Conservation Program fee for full-time students and 0.20 fee for part-time and summer term students. The purpose of the new fee is to support a recycling program on campus.

The Executive Budget Committee received 3 letters of support for the proposed ASBSU Conservation Program fee.

Brad Arendt, General Manager of the Arbiter, testified against the proposed ASBSU Conservation Program fee.

Student Testimony

Wyatt Parke testified in support of the proposed ASBSU Conservation Program fee.

Aubrey Salazar registered her opposition to the proposed ASBSU Conservation Program fee.

INTERCOLLEGIATE ATHLETICS

Gene Bleymaier, Director of Athletics at Boise State University, presented the request to increase the Intercollegiate Athletics fee from \$90 to \$95 for full-time students, and from \$5.00 to \$5.50 for part-time students.

Student Testimony

Joe Holladay testified in support of the proposed increase to the intercollegiate athletics fee.

Aubrey Salazar registered her opposition to the increase to the intercollegiate athletics fee.

BOISE STATE UNIVERSITY

Recommendations for Changes to Student Fees for FY2006

Annual Full-Time Fees and Part-Time Credit Hours Fees

		Bd	FY05	FY06	Recommended Fees		
Student Fees:		Appv	Fees	Initial Notice	FY06 Fees	Amt Incr	% Incr
1	Full-time Fees:						
2	Matriculation Fee	**	\$2,277.70	\$2,629.70	\$2,567.70	\$290.00	12.7%
3	Technology Fee		92.50	92.50	92.50	0.00	0
4	Facilities Fees		586.00	736.00	636.00	50.00	8.5%
5	Student Activity Fees		563.80	595.70	575.80	12.00	2.1%
6	Total Full-time Fees		\$3,520.00	\$4,053.90	\$3,872.00	\$352.00	10.0%
7							
8	Part-time Credit Hour Fees:						
9	Education Fee	**	\$123.80	\$141.50	\$138.20	\$14.40	11.6%
10	Technology Fee		4.90	4.90	4.90	0.00	0
11	Facilities Fees		27.90	35.40	30.40	2.50	0
12	Student Activity Fees		20.40	24.35	21.50	1.10	5.4%
13	Total Part-time Cr Hr Fees:		\$177.00	\$206.15	\$195.00	\$18.00	10.2%
14							
15	Summer Fees:						
16	Education Fee	**	\$123.80	\$141.50	\$138.34	\$14.54	11.7%
17	Technology Fee		4.90	4.90	4.90	0.00	0
18	Facilities Fees		27.90	35.40	30.40	2.50	9.0%
19	Student Activity Fees		16.25	18.70	16.36	0.11	0.7%
20	Total Summer Fees:		\$172.85	\$200.50	\$190.00	\$17.15	9.9%
21							
22	Other Student Fees:						
23	Graduate Fees:						
24	Full-time Grad/Prof	**	\$712.00	\$747.00	\$747.00	\$35.00	4.9%
25	Part-time Graduate/Hour	**	\$39.00	\$41.00	\$41.00	\$2.00	5.1%
26	Nonresident Tuition:						
27	Nonres Tuition	**	\$7,056.00	\$7,408.00	\$7,408.00	\$352.00	5.0%
28	Other Fees:						
29	Western Undergrad Exchge		\$1,760.00	\$1,936.00	\$1,936.00	\$176.00	10.0%
30	Overload fee		\$177.00	\$206.15	\$195.00	\$18.00	10.2%
31	In-service Fees/Cr Hr - Undergrad		\$60.00	\$65.00	\$65.00	\$5.00	8.3%
32	In-service Fees/Cr Hr - Grad		\$72.00	\$77.00	\$77.00	\$5.00	6.9%
33	Total Other Student Fees						
34							
35							
36							
37	Changes to Student Activity Fees:						
38	Full-time:						
39	Health, Wellness & Counseling Services		\$50.00	\$60.00	\$56.00	\$6.00	12.0%
40	ASBSU- Conservation		\$0.00	\$3.00	\$2.00	\$2.00	NA
41	Spirit Squad/Maneline Dancers		\$0.00	\$5.70	\$4.00	\$4.00	NA
42	Athletics		\$180.00	\$190.00	\$180.00	\$0.00	0.0%
43	Volunteer Services Board		\$3.80	\$7.00	\$3.80	\$0.00	0.0%
44	Part-time						
45	Health, Wellness & Counseling Services		\$0.00	\$3.00	\$1.00	\$1.00	NA
46	ASBSU- Conservation		\$0.00	\$0.20	\$0.10	\$0.10	NA
47	Spirit Squad/Maneline Dancers		\$0.00	\$0.00	\$0.00	\$0.00	NA
48	Athletics		\$5.00	\$5.50	\$5.00	\$0.00	0.0%
49	Volunteer Services Board		\$0.10	\$0.45	\$0.10	\$0.00	0.0%

IDAHO STATE UNIVERSITY

ANTICIPATED USE OF PROPOSED FEE REVENUE INCREASE FY2005-2006

Matriculation and Other General Education Fees \$3,643,500

As with previous years, student fee revenue is a necessary component of the University's total revenue required for ongoing operations. The increased revenue will provide much needed resources to respond to the demands of our academic mission.

A known state endowment funding reduction, lack of State funded employee compensation adjustments, and the need to provide funding for academic programs necessitates a fee increase. The fee increase would be used to fund the following:

State Endowment Replacement	\$ 397,700
Adjunct Faculty Pool Restoration	1,000,000
Salary Adjustment Pool	1,236,500
Academic Programs – Multi-Year	225,000
Academic Programs – New/Expanded	600,000
Faculty Academic Promotions	184,300

Technology Fees \$265,400

Additional fees are needed to maintain the Distance Learning system as well as the information system network.

Facility Fees \$186,900

Additional fees would provide deferred maintenance for non-instructional facilities.

Student Activity Fees (FT) \$518,800

Additional fees would provide for a MCO budget in the activity accounts. This would cover general inflation and employee compensation.

Student Activity Fees (PT) \$207,900

Athletics (\$60,000) - Provide staffing in the areas of athletic training, strength coaching, and academic support.

Student Support Services (\$34,300) - Provide student Content Area Tutoring.

All others (\$113,600) - Provide general inflation and employee compensation.

BOISE STATE UNIVERSITY

Potential Student Fee Revenue Changes for FY2006 Due to Enrollment and Fee Changes

	Student Fees:	Projected		Potential Revenue Generated Due to Enrollment and Fee Changes					
		HC/SCH Enrollmt		Enrollment Changes		Fee Changes		Total Rev Chge	
		FY05	FY06	Gen Educ	Local	Gen Educ	Local	Gen Educ	Local
1	Full-time Fees:								
2	Matriculation Fee	11,250	11,363	\$256,200.00		\$3,295,100.00		\$3,551,300.00	
3	Technology Fee	11,250	11,363		\$10,400.00		\$0.00		\$10,400.00
4	Facilities Fees	11,250	11,363		65,900.00		568,100.00		634,000.00
5	Student Activity Fees	11,250	11,363		63,400.00		136,400.00		199,800.00
6	Total Full-time Fees			<u>\$256,200.00</u>	<u>\$139,700.00</u>	<u>\$3,295,100.00</u>	<u>\$704,500.00</u>	<u>\$3,551,300.00</u>	<u>\$844,200.00</u>
7									
8	Part-time Credit Hour Fees:								
9	Education Fee	40,600	41,006	\$50,300.00		\$590,500.00		\$640,800.00	
10	Technology Fee	40,600	41,006		\$2,000.00		\$0.00		\$2,000.00
11	Facilities Fees	40,600	41,006		11,300.00		102,500.00		113,800.00
12	Student Activity Fees	40,600	41,006		8,300.00		45,100.00		53,400.00
13	Total Part-time Cr Hr Fees:			<u>\$50,300.00</u>	<u>\$21,600.00</u>	<u>\$590,500.00</u>	<u>\$147,600.00</u>	<u>\$640,800.00</u>	<u>\$169,200.00</u>
14									
15	Summer Fees:								
16	Education Fee	25,000	25,250	\$31,000.00		\$367,100.00		\$398,100.00	
17	Technology Fee	25,000	25,250		\$1,200.00		\$0.00		\$1,200.00
18	Facilities Fees	25,000	25,250		7,000.00		63,100.00		70,100.00
19	Student Activity Fees	25,000	25,250		4,100.00		2,700.00		6,800.00
20	Total Summer Fees:			<u>\$31,000.00</u>	<u>\$12,300.00</u>	<u>\$367,100.00</u>	<u>\$65,800.00</u>	<u>\$398,100.00</u>	<u>\$78,100.00</u>
21									
22	Other Student Fees:								
23	Graduate Fees:								
24	Full-time Grad/Prof	352	356	\$2,900.00		\$12,400.00		\$15,300.00	
25	Part-time Graduate/Hour	7,262	7,272	\$400.00		\$14,500.00		\$14,900.00	
26	Nonresident Tuition:								
27	Nonres Tuition-Fall	253	253	\$0.00		\$88,900.00		\$88,900.00	
28	Other Fees:								
29	Western Undergrad Exchge	225	227	\$4,000.00		\$40,000.00		\$44,000.00	
30	Overload Fee	360	365	\$900.00		\$6,600.00		\$7,500.00	
31	In-service Fees/Cr Hr - Undergrad			\$0.00		\$0.00		\$0.00	
32	In-service Fees/Cr Hr - Grad	3,228	3,200	(\$2,000.00)		\$16,000.00		\$14,000.00	
33	Total Other Student Fees			<u>\$6,200.00</u>	<u>\$0.00</u>	<u>\$178,400.00</u>	<u>\$0.00</u>	<u>\$184,600.00</u>	<u>\$0.00</u>
34									
35	Total Additional Student Fee Revenue			<u>\$343,700.00</u>	<u>\$173,600.00</u>	<u>\$4,431,100.00</u>	<u>\$917,900.00</u>	<u>\$4,774,800.00</u>	<u>\$1,091,500.00</u>
36									
37	1) Changes to Student Activity Fees:								
38	Full-time:								
39	Health, Wellness & Counseling Services	11,250	11,363		\$5,700.00		\$68,200.00		\$73,900.00
40	ASBSU- Conservation	11,250	11,363		\$0.00		\$22,700.00		\$22,700.00
41	Spirit Squad/Maneline Dancers	11,250	11,363		\$0.00		\$45,500.00		\$45,500.00
42	Athletics	11,250	11,363		\$20,300.00		\$0.00		\$20,300.00
43	Volunteer Services Board	11,250	11,363		\$400.00		\$0.00		\$400.00
					<u>\$26,400.00</u>		<u>\$136,400.00</u>		<u>\$162,800.00</u>
44	Part-time								
45	Health, Wellness & Counseling Services	40,600	41,006		\$0.00		\$41,000.00		\$41,000.00
46	ASBSU- Conservation	40,600	41,006		\$0.00		\$4,100.00		\$4,100.00
47	Spirit Squad/Maneline Dancers	40,600	41,006		\$0.00		\$0.00		\$0.00
48	Athletics	40,600	41,006		\$2,000.00		\$0.00		\$2,000.00
49	Volunteer Services Board	40,600	41,006		\$0.00		\$0.00		\$0.00
					<u>\$2,000.00</u>		<u>\$45,100.00</u>		<u>\$47,100.00</u>

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IDAHO STATE UNIVERSITY

Recommendations for Changes to Student Fees for FY2006

Annual Full-Time Fees and Part-Time Credit Hours Fees

	Bd	FY05	FY06	Recommended Fees		
	Appv	Fees	Initial Notice	FY06 Fees	Amt Incr	% Incr
Student Fees:						
Full-time Fees:						
Matriculation Fee	**	\$2,368.60	\$2,621.90	\$2,621.90	\$253.30	10.69%
Technology Fee		82.00	100.00	100.00	18.00	21.95%
Facilities Fees		414.00	434.00	434.00	20.00	4.83%
Student Activity Fees		835.40	884.10	884.10	48.70	5.83%
Total Full-time Fees		\$3,700.00	\$4,040.00	\$4,040.00	\$340.00	9.19%
Part-time Credit Hour Fees:						
Education Fee	**	\$148.10	\$157.10	\$157.10	\$9.00	6.08%
Technology Fee		6.00	6.50	6.50	0.50	0.00%
Facilities Fees		0.00	0.00	0.00	0.00	0.00%
Student Activity Fees		30.90	38.40	38.40	7.50	24.27%
Total Part-time Cr Hr Fees:		\$185.00	\$202.00	\$202.00	\$17.00	9.19%
Other Student Fees:						
Graduate Fees:						
Full-time Grad/Prof	**	\$680.00	\$740.00	\$740.00	\$60.00	8.82%
Part-time Graduate/Hour	**	\$34.00	\$37.00	\$37.00	\$3.00	8.82%
Nonresident Tuition:						
Nonres Tuition	**	\$7,080.00	\$7,700.00	\$7,700.00	\$620.00	8.76%
Part-time Nonres Tuition	**	\$102.00	\$110.00	\$110.00	\$8.00	7.84%
Professional Fees:						
PharmD - Resident	**	\$1,640.00	\$1,800.00	\$1,800.00	\$160.00	9.76%
PharmD - Nonres	**	\$4,960.00	\$5,400.00	\$5,400.00	\$440.00	8.87%
PharmD - Resident-NEW	**	N/A	\$5,760.00	\$5,760.00	\$4,120.00	NEW
PharmD - Nonres - NEW	**	N/A	\$9,080.00	\$9,080.00	\$4,120.00	NEW
Phys Therapy - Resident	**	\$1,380.00	\$1,420.00	\$1,420.00	\$40.00	2.90%
Phys Therapy - Nonres	**	\$4,740.00	\$4,880.00	\$4,880.00	\$140.00	2.95%
Occu Therapy - Resident	**	\$1,380.00	\$1,420.00	\$1,420.00	\$40.00	2.90%
Occu Therapy - Nonres	**	\$4,740.00	\$4,880.00	\$4,880.00	\$140.00	2.95%
Physician Assistant - Res	**	\$10,980.00	\$11,310.00	\$11,310.00	\$330.00	3.01%
Physician Assistant - Nonres	**	\$12,510.00	\$12,885.00	\$12,885.00	\$375.00	3.00%
Nursing-MSN	**	\$1,126.00	\$1,220.00	\$1,220.00	\$94.00	8.35%
Idaho Dental Education (IDEP)		\$14,386.00	\$15,372.00	\$15,372.00	\$986.00	6.85%
Other Fees:						
Western Undergrad Exchge		\$1,850.00	\$2,020.00	\$2,020.00	\$170.00	9.19%
In-service Fees/Cr Hr - Undergrad		\$60.00	\$65.00	\$65.00	\$5.00	8.33%
In-service Fees/Cr Hr - Grad		\$72.00	\$77.00	\$77.00	\$5.00	6.94%
Changes to Student Activity Fees:						
Full-time:						
Student Union Operations		\$211.00	\$239.00	\$239.00	\$28.00	13.27%
Leadership & Counselor Training		\$6.30	\$7.50	\$7.50	\$1.20	19.05%
Janet C Anderson Women's & Men's Cen		\$9.40	\$11.40	\$11.40	\$2.00	21.28%
Childcare Services		\$18.80	\$25.10	\$25.10	\$6.30	33.51%
Debate Team		\$8.40	\$9.20	\$9.20	\$0.80	9.52%
Recreation Facility Operation		\$34.00	\$42.00	\$42.00	\$8.00	23.53%
Student Wellness Program		\$7.50	\$9.90	\$9.90	\$2.40	32.00%
					\$48.70	
Part-time:						
Stadium Operations		\$5.00	\$6.00	\$6.00	\$1.00	20.00%
Student Union Operations		\$6.50	\$8.00	\$8.00	\$1.50	23.08%
Intercollegiate Athletics		\$0.00	\$3.00	\$3.00	\$3.00	New
Childcare Services		\$1.00	\$1.50	\$1.50	\$0.50	50.00%
Student Wellness Program		\$0.50	\$1.00	\$1.00	\$0.50	100.00%
Student Support Service		\$0.00	\$1.00	\$1.00	\$1.00	New
					\$7.50	

IDAHO STATE UNIVERSITY

Potential Student Fee Revenue Changes for FY2006 Due to Enrollment and Fee Changes

	Projected		Potential Revenue Generated Due to Enrollment and Fee Changes					
	HC/SCH Enrollment		Enrollment Changes		Fee Changes		Total Rev Chge	
	FY05	FY06	Gen Educ	Local	Gen Educ	Local	Gen Educ	Local
Student Fees:								
1 Full-time Fees:								
2 Matriculation Fee	9,385	9,564	\$424,000		\$2,422,600		\$2,846,600	
3 Technology Fee	9,385	9,564		14,700		172,200		186,900
4 Facilities Fees	9,385	9,564		74,100		191,300		265,400
5 Student Activity Fees	9,385	9,564		53,000		465,800		518,800
6 Total Full-time Fees			<u>\$424,000</u>	<u>\$141,800</u>	<u>\$2,422,600</u>	<u>\$829,300</u>	<u>\$2,846,600</u>	<u>\$971,100</u>
7								
8 Part-time Credit Hour Fees:								
9 Education Fee	34,745	34,256	(\$72,400)		\$308,300		\$235,900	
10 Technology Fee	34,745	34,256		(2,900)		17,100		14,200
11 Facilities Fees	34,745	34,256		0		0		0
12 Student Activity Fees	34,745	34,256		(6,300)		214,200		207,900
13 Total Part-time Cr Hr Fees:			<u>(\$72,400)</u>	<u>(\$9,200)</u>	<u>\$308,300</u>	<u>\$231,300</u>	<u>\$235,900</u>	<u>\$222,100</u>
14								
15 Other Student Fees:								
16 Graduate Fees:								
17 Full-time Grad/Prof	630	710	\$54,400		\$42,600		\$97,000	
18 Part-time Graduate/Hour	6,597	5,419	(40,100)		16,300		(23,800)	
19 Nonresident Tuition:								
20 Nonres Tuition	163	209	162,800		\$129,600		292,400	
21 Part-time Nonres Tuition	695	640	(5,600)		5,100		(500)	
22 Professional Fees:								
23 PharmD - Resident	182	145		(60,700)		23,200		(37,500)
24 PharmD - Nonres	30	20		(49,600)		8,800		(40,800)
25 PharmD - Resident-NEW		48		78,700		197,800		276,500
26 PharmD - Nonres - NEW		7		34,700		28,800		63,500
27 Phys Therapy - Resident	38	39		1,400		1,600		3,000
28 Phys Therapy - Nonres	10	10		0		1,400		1,400
29 Occu Therapy - Resident	12	13		1,400		500		1,900
30 Occu Therapy - Nonres	1	2		4,700		300		5,000
31 Physician Assistant - Res	39	43		43,900		14,200		58,100
32 Physician Assistant - Nonres	12	16		50,000		6,000		56,000
33 Nursing-MSN	24	37		14,600		3,500		18,100
34 Idaho Dental Education (IDEP)	8	8		0		7,900		7,900
35 Other Fees:								
36 Western Undergrad Exchge		188	173,900		16,000		189,900	
37 In-service Fees/Cr Hr - Undergrad			0		0		0	
38 In-service Fees/Cr Hr - Grad	6,618	6,267	(25,300)		31,300		6,000	
39 Total Other Student Fees			<u>\$320,100</u>	<u>\$119,100</u>	<u>\$240,900</u>	<u>\$294,000</u>	<u>\$561,000</u>	<u>\$413,100</u>
40								
41 Total Additional Student Fee Revenue			<u><u>\$671,700</u></u>	<u><u>\$251,700</u></u>	<u><u>\$2,971,800</u></u>	<u><u>\$1,354,600</u></u>	<u><u>\$3,643,500</u></u>	<u><u>\$1,606,300</u></u>
42								
43 Changes to Student Activity Fees:								
44 Full-time:								
45 Student Union Operations	9,385	9,564		37,800		267,800		305,600
46 Leadership & Counselor Training	9,385	9,564		1,100		11,500		12,600
47 Janet C Anderson Women's & Mer	9,385	9,564		1,700		19,100		20,800
48 Childcare Services	9,385	9,564		3,400		60,300		63,700
49 Debate Team	9,385	9,564		1,500		7,700		9,200
50 Recreation Facility Operation	9,385	9,564		6,100		76,500		82,600
51 Student Wellness Program	9,385	9,564		1,300		23,000		24,300
52								
53				<u>\$52,900</u>		<u>\$465,900</u>		<u>\$518,800</u>
54 Part-time:								
55 Stadium Operations	34,745	34,256		(2,400)		34,300		31,900
56 Student Union Operations	34,745	34,256		(3,200)		51,400		48,200
57 Intercollegiate Athletics	20,000	20,000		0		60,000		60,000
58 Childcare Services	34,745	34,256		(500)		17,100		16,600
59 Student Wellness Program	34,745	34,256		(200)		17,100		16,900
60 Student Support Service	34,745	34,256		0		34,300		34,300
61								
62				<u><u>(\$6,300)</u></u>		<u><u>\$214,200</u></u>		<u><u>\$207,900</u></u>

UNIVERSITY OF IDAHO
STUDENT FEE INCREASE REQUEST

The Fee Process

University of Idaho is recommending a 9.25% fee increase for full-time students. This amounts to a per semester increase of \$168. Fee discussions started in the Fall 2004 and continued as a collaborative process with the Associated Students of the University of Idaho (ASUI) president presiding over the process. Auxiliary units and others requesting dedicated fee support presented initial fee requests for MCO and expanded requests. A public meeting was held on November 2, 2004 wherein each unit presented their fee request. The meeting was attended by students and university community members. All fee presentations were submitted to the Budget Office and posted on the web. Subsequently, the fee committee was notified the official fee setting process was being re-scheduled by the Board to April 2005. The fee committee chaired by the current president of the ASUI named the appointees to the committee and began to meet in January 2005. The committee met weekly to discuss the fee requests from each unit. The committee's priorities focused on the MCO requests, restoration of operating budgets, establishing reserve accounts and fulfilling unmet needs for programming. A comprehensive fee proposal was developed by student leaders and a community workshop was held on the afternoon on March 1, 2005 in the Idaho Commons. The administration presented the matriculation fee increase followed by ASUI President detailing the request for the increases in the dedicated activity fees. Following the presentations an open forum for questions and comments by students and staff were recorded.

General Education Fees and Tuition

The attached worksheet, which estimates potential fee and tuition revenue changes for FY2006, is predicated on the fee and tuition rates contained in the UI Notice of Intent to Adopt Student Fee and Rate Increases, which was issued on March 8, 2005. The proposed rate changes are supported by the UI student body leadership.

The additional revenue provided will help sustain critical programs and services (General Education maintenance of current operations) and will provide a partial offset to losses of land grant endowment funding. This funding will help offset inflationary increases in a variety of areas including utilities, library materials, and contracts (such as police, fire, audit, administrative system hardware and software).

An increase is also proposed for the Law Professional Fee. This request represents another component of a multi-year phased increase that will be used to sustain the quality of the program.

Increases in the fees for Summer Programs and Outreach Programs (off campus programs) are also proposed. Both programs rely extensively on generated income and

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2004

will use the additional revenues to enhance program offerings and sustain the delivery infrastructure.

Non-General Education Fees

The following information briefly summarizes the uses of the dedicated activity fee increase revenues that were contained in the fee notices:

Intercollegiate Athletics (\$90,900): Provides additional resources to for the multi-year funding plan which continues progress toward compliance with gender equity mandates and maintaining current operations.

Associated Students (\$413,400): Re-establishes funds previously re-directed, provides additional funds for MCO operating, provides additional funds to the Associated Students for and enhancing and expanding student activity programming, and provides additional support for student funded services. These services include: Student Media, ASUI Volunteer Services and Programming, Outdoor Programs and Rentals.

Commons/Union (\$127,200): Provides additional funds for MCO operating, expanded responsibilities and student life programming.

Student Recreation Center (\$119,900): Provides additional funds for MCO operating, expanded responsibilities and late night programming.

Dean of Students/Student Advisory Services (\$54,500): Provides funds for Alcohol Awareness and Violence Prevention programming.

UNIVERSITY OF IDAHO

Recommendations for Changes to Student Fees for FY2006 Annual Full-Time Fees and Part-Time Credit Hours Fees

	Bd	FY05	FY06	Recommended Fees		
Student Fees:	Appv	Fees	Initial Notice	FY06 Fee	Amt Incr	% Incr
1	Full-time Fees:					
2	**	\$2,282.00	\$2,529.30	\$2,529.30	\$247.30	10.84%
3		117.00	117.00	117.00	0.00	0.00%
4		540.50	540.50	540.50	0.00	0.00%
5		692.50	781.20	781.20	88.70	12.81%
6		3,632.00	3,968.00	3,968.00	336.00	9.25%
7						
8	Part-time Credit Hour Fees:					
9	**	\$121.35	\$133.35	\$133.35	\$12.00	9.89%
10		6.00	6.00	6.00	0.00	0.00%
11		18.70	18.70	18.70	0.00	0.00%
12		31.95	31.95	31.95	0.00	0.00%
13		\$178.00	\$190.00	\$190.00	\$12.00	6.74%
14						
15	Other Student Fees:					
16	Graduate Fees:					
17	**	\$540.00	\$540.00	\$540.00	\$0.00	0.00%
18	**	\$27.00	\$27.00	\$27.00	\$0.00	0.00%
19	**	\$178.00	\$190.00	\$190.00	\$12.00	6.74%
20	**	\$178.00	\$190.00	\$190.00	\$12.00	6.74%
21	Nonresident Tuition					
22	**	\$8,020.00	\$8,770.00	\$8,770.00	\$750.00	9.35%
23	**	\$123.00	\$130.00	\$130.00	\$7.00	5.69%
24	Professional Fees:					
25	**	\$3,400.00	\$4,400.00	\$4,400.00	\$1,000.00	29.41%
26	**	\$105.00	\$220.00	\$220.00	\$115.00	109.52%
27	**	\$704.00	\$704.00	\$704.00	\$0.00	0.00%
28	**	\$35.00	\$35.00	\$35.00	\$0.00	0.00%
29	Other Fees:					
30	**	\$1,816.00	\$1,984.00	\$1,984.00	\$168.00	9.25%
31		\$60.00	\$65.00	\$65.00	\$5.00	8.33%
32		\$72.00	\$77.00	\$77.00	\$5.00	6.94%
33						
34						
35						
36						
37	Changes to Student Activity Fees					
38	Full-time					
39		90.80	136.30	136.30	45.50	50.11%
40		26.00	32.00	32.00	6.00	23.08%
41		140.80	154.80	154.80	14.00	9.94%
42		191.00	201.00	201.00	10.00	5.24%
43		61.80	75.00	75.00	13.20	21.36%

UNIVERSITY OF IDAHO
Potential Student Fee Revenue Changes for FY2006
Due to Enrollment and Fee Changes

	Student Fees:	Projected		Potential Revenue Generated Due to Enrollment and Fee Changes					
		HC/SCH Enrollmt		Enrollment Changes		Fee Changes		Total Rev Chge	
		FY05	FY06	Gen Educ	Local	Gen Educ	Local	Gen Educ	Local
1	Full-time Fees:								
2	Matriculation Fee	9,565	9,085	(\$1,095,400)		\$2,246,700		\$1,151,300	
3	Technology Fee	9,565	9,085		(56,200)		0		(56,200)
4	Facilities Fees	9,565	9,085		(259,400)		0		(259,400)
5	Student Activity Fees	9,565	9,085		(332,400)		805,800		473,400
6	Total Full-time Fees			(\$1,095,400)	(\$648,000)	\$2,246,700	\$805,800	\$1,151,300	\$157,800
7									
8	Part-time Credit Hour Fees:								
9	Education Fee	4,950	5,000	\$6,100		\$60,000		\$66,100	
10	Technology Fee	4,950	5,000		300		0		300
11	Facilities Fees	4,950	5,000		900		0		900
12	Student Activity Fees	4,950	5,000		1,600		0		1,600
13	Total Part-time Cr Hr Fees:			\$6,100	\$2,800	\$60,000	\$0	\$66,100	\$2,800
14									
15	Other Student Fees:								
16	Graduate Fees:								
17	Full-time Grad/Prof	1,330	1,290	(\$21,600)		\$0		(\$21,600)	
18	Part-time Grad/Prof/CrHr	18,140	19,110	26,200		0		26,200	
19	Summer Session 2006	12,430	11,370	(188,700)		136,400		(52,300)	
20	Outreach Programs	21,600	20,350	(222,500)		244,200		21,700	
21	Nonresident Tuition								
22	Nonres Tuition - Full-Time	700	685	(120,300)		513,800		393,500	
23	Part-time Nonres Tuition	1,220	1,230	1,200		8,600		9,800	
24	Professional Fees:								
25	Law College FT	295	295	0		295,000		295,000	
26	Law College PT	450	340	(11,600)		39,100		27,500	
27	Architecture Programs FT	400	400	0		0		0	
28	Architecture Programs PT	790	270	(18,200)		0		(18,200)	
29	Other Fees:								
30	Western Undergrad Exchge	685	825	254,200		138,600		392,800	
31	In-srvc Fees/Cr Hr - Undergrad	320	600	16,800		3,000		19,800	
32	In-srvc Fees/Cr Hr - Grad	5,550	5,960	29,500		29,800		59,300	
33	Total Other Student Fees			(\$255,000)	\$0	\$1,408,500	\$0	\$1,153,500	\$0
34									
35	Total Additional Student Fee Revenue			(\$1,344,300)	(\$645,200)	\$3,715,200	\$805,800	\$2,370,900	\$160,600
36									
37	Changes to Student Activity Fees								
38	Full-time								
39	Associated Students	9,565	9,085		(43,600)		413,400		369,800
40	Student Advisory Services	9,565	9,085		(12,500)		54,500		42,000
41	Commons/Union Operations	9,565	9,085		(67,600)		127,200		59,600
42	Intercollegiate Athletics	9,565	9,085		(91,700)		90,900		(800)
43	Student Recr Ctr Operations	9,565	9,085		(29,700)		119,900		90,200

LEWIS-CLARK STATE COLLEGE
STUDENT FEE INCREASE REQUEST

Lewis-Clark State College is recommending a 9.5% fee increase for Lewis-Clark State College full-time students. This amounts to a per semester increase of \$161. As part of its recommendation, the college will be reallocating \$11 from facility fees into various student activity fees. These activity fees were identified by students as areas needing enhanced funding.

The college will use the additional revenue generated by changes in enrollment and by increases in fees and tuition for maintaining current programs and services, for ensuring continuing quality at the institution, and for strategically improving the offerings and services of the college. Changes in fees for summer school students and part-time students will generate revenue which will enhance offerings for those important programs.

This is the fourth consecutive year that the college has conducted an in-depth self-analysis. This analysis assists the college in strategically identifying needs in the budget and prioritizing those needs for the budget.

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LEWIS-CLARK STATE COLLEGE

Recommendations for Changes to Student Fees for FY2006 Annual Full-Time Fees and Part-Time Credit Hours Fees

	Bd	FY05	FY06	FY06		
	Appv	Fees	Initial Notice	SBOE	Change	% Incr
Student Fees:						
1 Full-time Fees:						
2 Matriculation Fee	**	\$2,230.00	\$2,552.00	\$2,550.00	\$320.00	14.3%
3 Technology Fee		62.00	\$62.00	\$62.00	\$0.00	0.0%
4 Facilities Fees		490.00	\$490.00	\$468.00	(\$22.00)	-4.5%
5 Student Activity Fees		610.00	\$610.00	\$634.00	\$24.00	3.9%
6 Total Full-time Fees		<u>\$3,392.00</u>	<u>\$3,714.00</u>	<u>\$3,714.00</u>	<u>\$322.00</u>	<u>9.5%</u>
7						
8 Part-time Credit Hour Fees:						
9 Education Fee	**	\$130.00	\$144.00	\$144.00	\$14.00	10.8%
10 Technology Fee		3.50	\$3.50	3.50	\$0.00	0.0%
11 Facilities Fees		14.75	\$14.75	13.75	(\$1.00)	-6.8%
12 Student Activity Fees		22.75	\$22.75	23.75	\$1.00	4.4%
13 Total Part-time Cr Hr Fees		<u>\$171.00</u>	<u>\$185.00</u>	<u>\$185.00</u>	<u>\$14.00</u>	<u>8.2%</u>
14						
15 Summer Credit Hour Fees:						
16 Education Fee	**	\$88.50	\$102.50	\$102.50	\$14.00	15.8%
17 Technology Fee		3.50	\$3.50	3.50	\$0.00	0.0%
18 Facilities Fees		14.75	\$14.75	13.75	(\$1.00)	-6.8%
19 Student Activity Fees		64.25	\$64.25	65.25	\$1.00	1.6%
20 Total Summer Cr Hr Fees		<u>\$171.00</u>	<u>\$185.00</u>	<u>\$185.00</u>	<u>\$14.00</u>	<u>8.2%</u>
21						
22 Other Student Fees:						
23 Nonresident Tuition:						
24 Nonres Tuition	**	\$6,240.00	\$6,552.00	\$6,552.00	\$312.00	5.0%
27 Nonres Tuition-Asotin County	**	\$3,168.00	\$3,168.00	\$3,168.00	\$0.00	0.0%
28 Other Fees:						
29 Western Undergrad Exchge		\$1,563.00	\$1,857.00	\$1,857.00	\$294.00	18.8%
30 In-service Fees/Cr Hr - Undergrad		\$60.00	\$65.00	\$65.00	\$5.00	8.3%
31 Overload (22 cr. or more)	**	\$171.00	\$185.00	\$185.00	\$14.00	8.2%
32						
33						
34						
35						
36 <u>Individual fee changes</u>						
37 Full-time (annual):						
38 Facility - Silverthorne		\$20.00	\$20.00	\$15.00	(\$5.00)	-25.0%
39 Facility - Info. Technology		\$6.00	\$6.00	\$0.00	(\$6.00)	-100.0%
40 Associated Student Body		\$20.75	\$20.75	\$21.75	\$1.00	4.8%
41 Intramurals Competition		\$3.75	\$3.75	\$6.75	\$3.00	80.0%
42 Outdoor Recreation		\$1.00	\$1.00	\$3.00	\$2.00	200.0%
43 Scholarships		\$17.50	\$17.50	\$22.50	\$5.00	28.6%
44 Student Activities		\$4.50	\$4.50	\$5.50	\$1.00	22.2%
45 Part-time (per credit):						
46 Associated Student Body		\$0.25	\$0.25	\$1.25	\$1.00	400.0%
47 Facility - Silverthorne		\$2.00	\$2.00	\$1.00	(\$1.00)	-50.0%

LEWIS-CLARK STATE COLLEGE

Potential Student Fee Revenue Changes for FY2006 Due to Enrollment and Fee Changes

	Projected		Potential Revenue Generated Due to Enrollment and Fee Changes					
	HC/SCH	Enrollmt	Enrollment Changes		Fee Changes		Total Rev Change	
Student Fees:	FY04	FY05	Gen Educ	Local	Gen Educ	Local	Gen Educ	Local
1 Full-time Fees:								
2 Matriculation Fee	2,191	2,221	\$67,700		\$710,800		\$778,500	
3 Technology Fee	2,191	2,221		1,900		0		1,900
4 Facilities Fees	2,191	2,221		14,800		(48,900)		(34,100)
5 Student Activity Fees	2,191	2,221		18,500		53,300		71,800
6 Total Full-time Fees			\$67,700	\$35,200	\$710,800	\$4,400	\$778,500	\$39,600
7								
8 Part-time Credit Hour Fees:								
9 Education Fee	5,341	4,796	(\$70,800)		\$67,100		(\$3,700)	
10 Technology Fee	5,341	4,796		(1,900)		0		(1,900)
11 Facilities Fees	5,341	4,796		(8,000)		(4,800)		(12,800)
12 Student Activity Fees	5,341	4,796		(12,400)		4,800		(7,600)
13 Total Part-time Cr Hr Fees:			(\$70,800)	(\$22,300)	\$67,100	\$0	(\$3,700)	(\$22,300)
14								
15 Summer Credit Hour Fees:								
16 Education Fee	2,761	2,890	\$11,400		\$40,500		\$51,900	
17 Technology Fee	2,761	2,890		500		0		500
18 Facilities Fees	2,761	2,890		1,900		(2,900)		(1,000)
19 Student Activity Fees	2,761	2,890		8,300		2,900		11,200
20 Total Summer Cr Hr Fees			\$11,400	\$10,700	\$40,500	\$0	\$51,900	\$10,700
21								
22 Other Student Fees:								
23 Nonresident Tuition:								
24 Nonres Tuition	55	58	\$19,400		\$18,100		\$37,500	
27 Nonres Tuition-Asotin County	62	61	(4,700)		0		(4,700)	
28 Other Fees:								
29 Western Undergrad Exchge	53	51	(2,500)		15,100		12,600	
30 In-service Fees/Cr Hr - Undergrad			0		0		0	
31 Overload (22 cr. or more)			0		0		0	
32 Total Other Student Fees			\$12,200	\$0	\$33,200	\$0	\$45,400	\$0
33 Total Additional Student Fee Revenue			\$20,500	\$23,600	\$851,600	\$4,400	\$872,100	\$28,000
34								
35								
36 <u>Individual fee changes</u>								
37 Full-time (annual):								
38 Facility - Silverthorne	2,191	2,221		\$600		(\$11,100)		(10,500)
39 Facility - Info. Technology	2,191	2,221		\$200		(\$13,300)		(13,100)
40 Associated Student Body	2,191	2,221		\$600		\$2,200		2,800
41 Intramurals Competition	2,191	2,221		\$100		\$6,700		6,800
42 Outdoor Recreation	2,191	2,221		\$0		\$4,400		4,400
43 Scholarships	2,191	2,221		\$500		\$11,100		11,600
44 Student Activities	2,191	2,221		\$100		\$2,200		2,300
45 Part-time (per credit):								
46 Associated Student Body	5,341	4,796		(\$100)		\$4,800		4,700
47 Facility - Silverthorne	5,341	4,796		(\$1,100)		(\$4,800)		(5,900)

EASTERN IDAHO TECHNICAL COLLEGE
STUDENT FEE INCREASE REQUEST

Eastern Idaho Technical College is proposing to increase by 2.96% the full-time resident and full-time non-resident student enrollment fees for the 2005 – 2006 instructional year. Similarly, the College is proposing to increase the part-time resident and part-time non-resident enrollment fees by 2.7% as part of the College financial plan. As mentioned, the increase in student enrollment fees is anticipated to commence with the 2005 fall semester.

Further, the proposed student enrollment fee increases will generate approximately \$28,700. Fee revenue generated by the proposed fee increase will support general college maintenance and operations.

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EASTERN IDAHO TECHNICAL COLLEGE

Recommendations for Changes to Student Fees for FY2006 Annual Full-Time Fees and Part-Time Credit Hour Fees

	Annual Fees	Bd	FY05	FY06	Institutional Recommendation		
		Appv	Fees	Initial Notice	FY06 Fees	Amt Incr	% Incr
1	Full-time Fees:						
2	Vocational Education Fee	**	\$954.00	\$998.00	\$998.00	\$44.00	4.61%
3	Technology Fee		40.00	40.00	40.00	0.00	0.00%
4	Student Activity Fees 1)		494.00	494.00	494.00	0.00	0.00%
5	Total Full-time Fees		<u>\$1,488.00</u>	<u>\$1,532.00</u>	<u>\$1,532.00</u>	<u>\$44.00</u>	<u>2.96%</u>
6							
7	Part-time Credit Hour Fees:						
8	Education Fee	**	\$74.00	\$76.00	\$76.00	\$2.00	2.70%
9	Total Part-time Cr Hr Fees:		<u>\$74.00</u>	<u>\$76.00</u>	<u>\$76.00</u>	<u>\$2.00</u>	<u>2.70%</u>
10							
11	Additional Nonresident Tuition:						
12	Full-time Nonresident Tuition	**	\$3,966.00	\$4,084.00	\$4,084.00	\$118.00	2.98%
13	Part-time Nonresident Tuition/Cr	**	\$74.00	\$76.00	\$76.00	\$2.00	2.70%
14							
15							
16							
17							
18							
19	1) Changes to Student Activity Fees:						
20	Full-time:						
21	Bookstore		\$16.00	\$16.00	\$16.00	\$0.00	0.00%
22	Institutional Development		\$30.00	\$30.00	\$30.00	\$0.00	0.00%
23	Library		\$158.00	\$158.00	\$158.00	\$0.00	0.00%
24	Parking		\$50.00	\$50.00	\$50.00	\$0.00	0.00%
25	Registration		\$98.00	\$98.00	\$98.00	\$0.00	0.00%
26	Scholarship		\$62.00	\$62.00	\$62.00	\$0.00	0.00%
27	Student Body		\$40.00	\$40.00	\$40.00	\$0.00	0.00%
28	Student Union		<u>\$40.00</u>	<u>\$40.00</u>	<u>\$40.00</u>	<u>\$0.00</u>	<u>0.00%</u>
29	Total		<u>\$494.00</u>	<u>\$494.00</u>	<u>\$494.00</u>	<u>\$0.00</u>	<u>0.00%</u>

EASTERN IDAHO TECHNICAL COLLEGE

Potential Student Fee Revenue Changes for FY2006 Due to Enrollment and Fee Changes

Annual Fees	Projected		Potential Revenue Generated Due to Enrollment and Fee Changes					
	HC/SCH Enrollmt		Enrollment Changes		Fee Changes		Total Rev Chge	
	FY05	FY06	Gen Educ	Local	Gen Educ	Local	Gen Educ	Local
1 Full-time Fees:								
2 Vocational Education Fee	431	431	\$0.00		\$19,000.00		\$19,000.00	
3 Technology Fee	431	431		0.00				0.00
4 Student Activity Fees 1)	431	431		0.00		0.00		0.00
5 Total Full-time Fees			<u>\$0.00</u>	<u>\$0.00</u>	<u>\$19,000.00</u>	<u>\$0.00</u>	<u>\$19,000.00</u>	<u>\$0.00</u>
6								
7 Part-time Credit Hour Fees:								
8 Education Fee	4,237	4,237			\$8,500.00		\$8,500.00	
9 Total Part-time Cr Hr Fees:			<u>\$0.00</u>	<u>\$0.00</u>	<u>\$8,500.00</u>	<u>\$0.00</u>	<u>\$8,500.00</u>	<u>\$0.00</u>
10								
11 Other Student Fees:								
12 Full-time Nonresident Tuition	10	10			\$1,200.00		\$1,200.00	
13 Part-time Nonresident Tuition/Cr	0	0			0.00		0.00	
14 Total Other Student Fees			<u>\$0.00</u>	<u>\$0.00</u>	<u>\$1,200.00</u>	<u>\$0.00</u>	<u>\$1,200.00</u>	<u>\$0.00</u>
15								
16 Total Additional Student Fee Revenue			<u>\$0.00</u>	<u>\$0.00</u>	<u>\$28,700.00</u>	<u>\$0.00</u>	<u>\$28,700.00</u>	<u>\$0.00</u>
17								
18								
19 1 Changes to Student Activity Fees:								
20 Full-time:								
21 Bookstore	431	431		\$0.00		\$0.00	\$0.00	\$0.00
22 Institutional Development	431	431		\$0.00		\$0.00	\$0.00	\$0.00
23 Library	431	431		\$0.00		\$0.00	\$0.00	\$0.00
24 Parking	431	431		\$0.00		\$0.00	\$0.00	\$0.00
25 Registration	431	431		\$0.00		\$0.00	\$0.00	\$0.00
26 Scholarship	431	431		\$0.00		\$0.00	\$0.00	\$0.00
27 Student Body	431	431		\$0.00		\$0.00	\$0.00	\$0.00
28 Student Union	431	431		\$0.00		\$0.00	\$0.00	\$0.00
29 Total			<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>

REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES
SECTION: V. FINANCIAL AFFAIRS
Subsection: R. Establishment of Fees

October 2003

R. Establishment of Fees

1. Definitions and Types of Fees

The following definitions are applicable to fees charged to students at the University of Idaho, Boise State University, Idaho State University, Lewis-Clark State College, and Eastern Idaho Technical College.

a. General Education Fees

General education fees are to be deposited into the unrestricted or restricted current fund accounts as required by Section V, Subsection Q.

(1) Tuition

Tuition is defined as the fee charged for the cost of instruction at the colleges and universities. The cost of instruction shall not include those costs associated with said colleges and universities, such as maintenance and operation of physical plant, student services and institutional support, which are complementary to, but not part of the instructional program. Tuition may be charged only to nonresident, full-time and part-time students enrolled in any degree-granting program and to Professional-Technical Education students enrolled in pre-employment, preparatory programs.

(2) Matriculation Fee

Matriculation fee is defined as the fee charged for maintenance and operation of physical plant, student services, and institutional support for full-time students enrolled in academic credit courses and Professional-Technical Education pre-employment, preparatory programs.

(3) Professional-Technical Education Fee

Professional-Technical Education fee is defined as the fee charged for educational costs for students enrolled in Professional-Technical Education pre-employment, preparatory programs.

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(4) Part-time Education Fee

Part-time education fee is defined as the fee per credit hour charged for educational costs for part-time students enrolled in any degree program.

(5) Graduate Fee

Graduate fee is defined as the additional fee charged for educational costs for full-time and part-time students enrolled in any post- baccalaureate degree-granting program.

(6) Summer School Fee

Summer school fee is defined as the fee charged for educational costs for students enrolled in academic programs in summer semester.

(7) Western Undergraduate Exchange (WUE) Fee

Western Undergraduate Exchange fee is defined as the additional fee for full-time students participating in this program and shall be equal to fifty percent (50%) of the total of the matriculation fee, facility fee, and activity fee.

(8) Employee/Spouse Fee

The fee for eligible participants shall be a registration fee of twenty dollars (\$20.00) plus five dollars (\$5.00) per credit hour. Eligibility shall be determined by each institution. Employees at institutions, agencies and the school under the jurisdiction of the Board may be eligible for this fee. Special course fees may also be charged.

(9) Senior Citizen Fee

The fee for Idaho residents who are 60 years of age or older shall be a registration fee of twenty dollars (\$20.00) plus five dollars (\$5.00) per credit hour. This fee is for courses on a space available basis only. Special course fees may also be charged.

(10) In-Service Teacher Education Fee

The fee shall be one-third of the average part-time undergraduate credit hour fee or one-third of the average graduate credit hour fee. This special fee shall be applicable only to approved teacher education courses. The following guidelines will determine if a course or individual qualifies for this special fee.

(a) The student must be an Idaho public school teacher or other professional employee of an Idaho school district.

(b) The costs of instruction are paid by an entity other than an institution.

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(c) The course must be approved by the appropriate academic unit(s) at the institution.

(d) The credit awarded is for professional development and cannot be applied towards a degree program.

(11) Course Overload Fee

This fee may be charged to full-time students with excessive course loads as determined by each institution.

(12) Workforce Training Credit fee is defined as a fee charged students enrolled in a qualified Workforce Training course where the student elects to receive credit. The fee is charged for processing and transcribing the credit. The cost of delivering Workforce Training courses, which typically are for noncredit, is an additional fee since Workforce Training courses are self-supporting. The fees for delivering the courses are retained by the technical colleges. The Workforce Training fee shall be \$10.00 per credit.

b. Local Fees

Local fees are both full-time and part-time student fees which are to be deposited into the local institutional accounts. Local fees shall be expended for the purposes for which they were collected.

(1) Facilities Fee

Facilities fee is defined as the fee charged for capital improvement and building projects and for debt service required by these projects. Revenues collected from this fee may not be expended on the operating costs of general education facilities.

(2) Activity Fee

Activity fee is defined as the fee charged for such activities as intercollegiate athletics, student health center, student union operations, the associated student body, financial aid, intramural and recreation, and other activities which directly benefit and involve students. The activity fee shall not be charged for educational costs or major capital improvement or building projects. Each institution shall develop a detailed definition and allocation proposal for each activity for internal management purposes.

(3) Technology Fee

Technology fee is defined as the fee charged for campus technology enhancements and operations.

(4) Professional Fee

Professional fee is defined as the additional fee charged for educational costs for students enrolled in specialized degree granting programs. Professional programs currently approved by the Board to charge a professional fee are pharmacy, law, medicine, veterinary medicine, dentistry, physician assistant, physical therapy, occupational therapy, graduate nursing, architecture, and landscape architecture.

(5) Contracts and Grants

Special fee arrangements are authorized by the Board for instructional programs provided by an institution pursuant to a grant or contract approved by the Board.

(6) Continuing Education

Continuing education fee is defined as the additional fee to part-time students which is charged on a per credit hour basis to support the costs of continuing education.

2. Board Policy on Student Fees

Consistent with the Statewide Plan for Higher Education in Idaho, the institutions shall maintain fees that provide for quality education and maintain access to educational programs for Idaho citizens. In setting fees, the Board will consider recommended fees as compared to fees at peer institutions, percent fee increases compared to inflationary factors, fees as a percent of per capita income and/or household income, and the share students pay of their education costs. Other criteria may be considered as is deemed appropriate at the time of a fee change. An institution cannot request more than a ten percent (10%) increase in the total full-time student fee unless otherwise authorized by the Board.

3. Fees Approved by the Chief Executive Officer of the Institution

a. Special Course Fees or Assessments

A special course fee is a fee required for a specific course or special activity and, therefore, not required of all students enrolled at the institution. Fees such as penalty assessments, library fines, continuing education fees, parking fines, laboratory fees, breakage fees, fees for video outreach courses, late registration fees, and fees for special courses offered for such purposes as remedial education credit that do not count toward meeting degree requirements are considered special course fees. All special course fees or penalty assessments, or changes to such fees or assessments, are established and become effective in the amount and at the time specified by the chief executive officer of the institution. The chief executive officer is responsible for reporting these fees to the Board upon request.

b. Student Health Insurance Premiums or Room and Board Rates

Fees for student health insurance premiums paid either as part of the uniform student fee or separately by individual students, or charges for room and board at the dormitories or family housing units of the institutions. Changes in insurance premiums or room and board rates or family housing charges shall be approved by the chief executive officer of the institution no later than three (3) months prior to the semester the change is to become effective. The chief executive officer shall report such changes to the Board at its June meeting.

c. Activity and Facility Fees

The chief executive officer of the institution shall approve the amount of each of these fees prior to the April Board meeting. The change is to become effective prior to the beginning of the academic year following the change. The chief executive officer or his or her designee shall meet and confer with the associated student body before approving these fees. The institution shall hold a public meeting on the fee changes, and a report of the meeting shall be made available to the Board.

4. Fees Approved by the Board

a. Fees Requiring Board Approval

- (1) Tuition
- (2) Matriculation
- (3) Professional-Technical Education Fee
- (4) Part-time Education Fee
- (5) Graduate Fee
- (6) Summer School Fee
- (7) Professional Fee
- (8) Course Overload Fee

b. Initial Notice

A proposal to alter a student fee covered by Subsection V.R.4.a shall be formalized by initial notice of the chief executive officer of the institution at least six (6) weeks prior to the Board meeting at which a final decision is to be made. Notice will consist of transmittal, in writing, to the student body president and to the recognized student newspaper during the months of publication of the

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proposal contained in the initial notice. The proposal will describe the amount of change, statement of purpose, and the amount of revenues to be collected.

The initial notice must include an invitation to the students to present oral or written testimony at the public hearing held by the institution to discuss the fee proposal. A record of the public hearing as well as a copy of the initial notice shall be made available to the Board.

c. Board Approval

Board approval for fees will be considered when appropriate or necessary. This approval will be timed to provide the institutions with sufficient time to prepare the subsequent fiscal year operating budget.

d. Effective Date

Any change in the rate of fees or tuition becomes effective on the date approved by the Board unless otherwise specified

SUBJECT

Review of Proposed Amendments to Board Policy, Section V.E. – Gifts and Affiliated Foundations.

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND

The State Board of Education has requested a review of the relationship of foundations to the Board's institutions and agencies.

DISCUSSION

Board members have determined that a more comprehensive review and discussion take place between the Board, institutions and agencies, and affiliated foundations. Having revised governing policies in place will create a better framework for these discussions, and the resulting operating agreements between institutions and agencies, and foundations will be crafted with Board intentions and policies in mind.

IMPACT

An amended policy will more accurately reflect the Board's intentions regarding foundations and agencies/institutions.

STAFF COMMENTS AND RECOMMENDATIONS

This proposed policy is being presented to the Board for its review. This is for informal review, and not a first reading.

BOARD ACTION

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

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SECTION V. FINANCIAL AFFAIRS

E. Gifts and Affiliated Foundations.

1. Acceptance of Gifts by an Institution, School, or Agency.

a. The Board may accept donations of gifts, legacies, and devises (hereinafter "gifts") of real and personal property on behalf of the state of Idaho that are made directly to the Board or to an institution, school, or agency under its governance. Gifts worth more than \$10,000 must be officially 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.) This provision does not apply to transfers of gifts to an institution, school, or agency from an affiliated foundation. Such transfers shall be in accordance with pertinent institution, school, or agency policies, as described in the written operating agreement between the institution, school, or agency and an affiliated foundation.

b. While an institution, school, or agency may accept gifts made directly to the institution, school, or agency, or directly to the Board, absent unique circumstances making a direct gift to the institution, school, or agency more appropriate, donors shall be requested to make gifts to affiliated foundations.

2. Purpose of the Policy.

a. The Board recognizes the importance of voluntary private support and encourages grants and contributions for the benefit of the institutions, school, and agencies under its governance. Private support for public 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 the institutions, school, and agencies under the Board's governance raise money through contributions. Foundations are separate, legal entities, tax-exempt under Section 501(c) of the United States Internal Revenue Code of 1986, as amended, associated with the institutions, school, and agencies under the Board's governance 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, school, or agency. The Board wishes to encourage a broad base of support from many sources, particularly increased levels of voluntary support. To achieve this goal, the Board will cooperate in every way possible with the work and mission of affiliated foundations.

b. The Board recognizes that foundations:

(1) Provide an opportunity for private individuals and organizations to contribute to the institutions, school, and agencies under the Board's governance with the assurance that

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the benefits of their gifts supplement, not supplant, state appropriations to the institutions, school, and agencies;

(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 institutions, school, and agencies through participation in the solicitation, management, and distribution of private gifts.

c. The Board, aware of the value of tax-exempt foundations to the well being of the institutions, school, and agencies under the Board's governance, adopts this policy with the following objectives:

(1) To preserve and encourage the operation of foundations associated with the institutions, school, and agencies under the Board's governance, and

(2) To ensure that foundations associated with the institutions, school, and agencies under the Board's governance 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.

d. The Board may recognize as an affiliated foundation an organization that is created and operated in support of the interests of an affiliated institution, school, or agency to aid and assist the Board in attaining its approved educational, research, public service, student loan and financial assistance, alumni relations, and financial development program objectives, consistent with the policies of the Board. Foundations are expected to have mission statements relevant to this purpose, and to adopt policies, plans, and budgets to achieve their respective missions.

e. Technology transfer organizations, including the Idaho Research Foundation, are not subject to this policy.

3. Institutional Foundations.

The purpose of this policy is to promote and strengthen the operations of foundations that have been and may be established for the benefit of the public colleges and universities in Idaho. The following provision sets forth a framework that, from the Board's perspective, enables and enhances a sound and mutually supportive foundation/institution relationship.

a. Recognition of Foundations.

(1) The Board recognizes that it cannot and should not have direct control over affiliated foundations. These foundations must be governed separately to protect their private, independent status. However, because the Board is responsible for ensuring

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the integrity and reputation of the institutions and its campuses and programs, it must be assured that any affiliated foundation will adhere to ethical standards appropriate to such organizations in order to assure the public that it is conducting its mission with honesty and integrity. Therefore, each institution chief executive officer must ensure that any affiliated foundation ascribes to these policies.

(2) An institution president may award recognition as an affiliated foundation to an entity that meets and maintains the requirements of this policy.

(3) All private support of the institution not provided directly to the institution shall be through a recognized foundation.

(4) It is the responsibility of the foundation to support the institution at all times in a cooperative, ethical, and collaborative manner; to engage in activities in support of the institution; and, where appropriate, to assist in securing resources, to administer assets and property in accordance with donor intent, and to manage its assets and resources.

(5) No institution funds may be transferred directly or indirectly to a foundation without the prior approval of the Board. It is understood that instances may occur where a donor inadvertently directs a contribution to an institution that is intended for the foundation. The institutions shall establish procedures to govern such transfers.

(6) The chief executive officers of the institutions may develop and present a recommended budget to an affiliated foundation to ensure that institution objectives are reflected in the allocation of foundation funds.

(7) The foundation, while protecting personal and private information related to private individuals, is encouraged, to the extent possible or reasonable, to be open to public inquiries related to revenue, expenditure policies, investment performance, personnel information, and/or other information that would normally be open in the conduct of institution affairs.

(8) The organization, before the effective date of this policy, of a nonprofit corporation or affiliated foundation to benefit a public college or university in Idaho, for one or more of the purposes previously described in this policy, shall be brought into substantial conformance with these policies and, upon so doing, the organization of the nonprofit corporation or foundation is hereby ratified, validated, and confirmed, and it shall be deemed to have been organized as if its organization had taken place under authority of this policy.

(9) A foundation's enabling documents (e.g., articles of incorporation and bylaws) and any amendments are to be filed with and reviewed by the institution chief executive officer or a designee. These documents must include a clause requiring that in the event of the dissolution of a foundation, its assets and records will be distributed to its affiliated institution, provided the affiliated institution is a qualified charitable organization under relevant state and federal income tax laws.

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(10) Foundations acting on behalf of the institutions may be granted various privileges, which may include:

(a) Use of the name and seal of the institution, provided that institution delegations of authority and policies are observed; and

(b) Use of institution space, equipment, and staff in the performance of the foundation's activities, consistent with these policies.

b. Foundation Operating Agreements.

(1) Each foundation shall enter into a written agreement with the institution with which the foundation is affiliated. The written agreement must be approved by the Board, and must be re-submitted to the Board every two(2) years, or sooner at the request of the Board, for review and re-approval. In addition to any other requirements discussed elsewhere in this policy, foundation operating agreements shall establish the operating relationship between the parties, describe the purpose of the foundation, and acknowledge the applicability of this policy, which shall be incorporated by reference therein. Written agreements must be signed by the chairman of the foundation's governing board, and by the institution chief executive officer.

(2) The written agreement shall condition the foundation's use of the institution's name or any other name, emblem, or mark to which the university has any legal right, upon the foundation's continuing compliance with the agreement and this policy.

(3) The foundation operating agreement shall include the foundation's conflict-of-interest policy, and shall also include a code of ethics and conduct, as further described in Subsection V.E.3.h of the Board's Governing Policies and Procedures.

c. Structure and Independence.

(1) Each foundation shall operate as an Idaho nonprofit corporation that is legally separate from the institution and is recognized as a 501(c)(3) public charity by the Internal Revenue Service. The management and control of a foundation shall rest with its governing board.

(2) Institution chief executive officers shall be ex-officio and non-voting members of the foundation's governing board. On a case by case basis, other institution employees may serve as ex-officio and non-voting members of the foundation's governing board, as described in the written foundation operating agreement approved by the Board.

d. Institution Resources and Services.

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(1) With the approval of the institution chief executive officer, an institution may provide contract administrative and/or support staff services to an affiliated foundation. These services must be described in the foundation operating agreement, and may include:

(a) Access to the institution's financial systems to receive, disburse, and account for funds held (with respect to transactions processed through the institution's financial system, the foundation shall comply with the institution's financial and administrative policies and procedures manuals);

(b) Accounting services, to include monthly cash disbursements and receipts, accounts receivable and payable, bank reconciliation, monthly reporting and analysis, auditing, payroll, and budgeting;

(c) Investment, management, insurance, benefits administration, and similar services; and

(d) Development services, encompassing research, information systems, communications, and special events.

(2) The foundation is eligible to use the institution's facilities, subject to availability and applicable policies to be established by the institution chief executive officer or a designee.

(3) The institution is entitled to recover its costs incurred for personnel, use of facilities, or other services provided to the foundation. No payments shall be made to institution employees in connection with services provided to a foundation pursuant to this policy.

e. Management and Operation of Foundations.

(1) The institutions and the foundations want to maintain the highest levels of accountability and stewardship, and each entity shall retain primary responsibility for funds under its respective management. To accomplish these goals, each will share information, develop reporting processes, and institute compliance and auditing procedures that ensure donated funds are accounted for, expenditures are made in accordance with donors' wishes, and reports are made to donors on the use of funds.

(2) Foundations may not engage in activities that conflict with federal or state laws, rules and regulations; the policies of the Board; or the role and mission of the institutions. Foundations shall comply with applicable Internal Revenue Code provisions and regulations and all other applicable policies and guidelines.

(3) Transfers of funds to an institution from an affiliated foundation shall be in accordance with pertinent institution policies, and delegations of authority, which shall be described in the foundation operating agreement. Fund-raising campaigns and solicitations of major gifts for the benefit of the institution by the foundation shall be approved in advance by the institution chief executive officer or a designee, and should

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be compatible with the plans and needs of the institution. Before accepting contributions or grants for restricted or designated purposes that may require administration or direct expenditure by an institution, a foundation must obtain the prior approval of the institution chief executive officer or a designee. The foundation shall assure that each donation shall be used in accordance with the legally enforceable terms and conditions attached to such gift.

(4) Foundations shall make clear to prospective donors that:

(a) The foundation is a separate legal and tax entity organized for the purpose of encouraging voluntary, private gifts, trusts, and bequests for the benefit of the institution;

(b) Responsibility for the governance of the foundation, including investment of gifts and endowments, resides in the foundation's governing board;

(c) Checks for charitable gifts to any of the institution's participating academic and support programs should be made payable to the foundation; and

(d) Gifts made for a designated purpose will be dedicated in their entirety to that purpose unless it is specifically stated that an administrative charge will be applied.

(5) In accepting gifts of all kinds, foundations shall:

(a) Advise donors that any restrictive terms and conditions they attach to gifts for the institution are subject to institution approval;

(b) Ensure that gifts are reported to and approved for acceptance by the institution chief executive officer and/or Board in accordance with pertinent institution policies and delegations of authority;

(c) Coordinate their funding goals, programs, and campaigns with the institution; and

(d) Gifts, grants, or contracts that include a financial or contractual obligation binding upon the institution must have prior concurrence in writing from the institution chief executive officer or a designee.

(6) Financial activities of a foundation shall be administered in accordance with prudent business practices. Each foundation's governing board shall adopt an expense authorization and reporting process. The process shall define the dollar threshold and nature of expenses requiring approval of a member of the foundation's governing board, who shall not be an institution employee or official, and it shall define the type and frequency of expense reporting to the foundation's governing board.

(7) Foundations shall ensure that appropriate written guidelines are developed pertaining to the receiving, depositing, disbursing, and accounting of all monies of a

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foundation, and that such guidelines have the approval of the foundation's governing board and are systematically enforced. An institution may assist an affiliated foundation in developing these guidelines.

(8) Officers and staff members of a foundation, and institution staff assigned to carry out any functions of a foundation involving handling money (whether receiving or disbursing), shall be adequately bonded, and liability insurance for directors and officers shall be obtained by the foundation, in amounts to be determined by the foundation's governing board.

(9) Foundations shall provide the institution chief executive officers evidence that at least two signatures by authorized and qualified officers of the foundation are required on any checks written on behalf of such foundation.

(10) Foundation investment procedures should be conducted in accordance with prudent, sound practice to ensure that gift assets are protected and enhanced, that a reasonable return is achieved, and with due regard for the fiduciary responsibilities of the foundation's governing board. The investments must be consistent with the terms of the gift instrument.

(11) Income from investments, net of administrative fees, should be administered in accordance with pertinent policies of the foundation's governing board, and, where appropriate, transferred to the institution and expended from the designated institution department or program accounts.

(12) Should a foundation's investments under-perform appropriate market indices for three consecutive years, then the Board may request from the foundation an independent review of its investment strategies along with plans for corrective action.

(13) Foundations should carry out financial commitments and expenditures consistent with pertinent policies, plans, and budget approved by the foundation's governing board and consistent with the mission of the institution.

(14) Foundation funds shall be kept separate from institution funds. Institution funds shall not be transferred to foundations for any purpose except, when appropriate, by action of the Board. Funds or gifts payable to the Board or any institution under the Board shall not be deposited with or transferred to a foundation, except with prior Board approval. If an affiliated foundation is the intended recipient of funds made payable to the Board or to an institution, then such funds may be deposited with or transferred to the affiliated foundation, provided that accompanying documents demonstrate that the foundation is the intended recipient. Otherwise, the funds shall be deposited in a state account, and Board approval will be required prior to transfer to an affiliated foundation.

(15) Foundations shall not be permitted to make direct payments for specific institutional expenses, including student scholarships or awards.

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(16) Institution officials into whose department or program foundation funds are transferred are responsible both to account for them in accordance with institution policies and procedures, and to notify the foundation on a timely basis regarding the use of such funds. The foundation, in consultation with the institution, shall determine who shall be responsible for reporting to the donor regarding the use of such funds.

(17) The foundation shall notify the institution chief executive officer or a designee, at the earliest possible date, of any proposed purchase of real estate and any material debt to be incurred for permanent or working capital, and coordinate its efforts with those of the institution.

(18) Foundation-controlled resources shall not be used to acquire or develop real estate or to build facilities for the institution's use without prior Board approval.

(19) When an institution's chief executive officer becomes aware that a foundation is considering the purchase of real estate for the eventual or possible future donation to 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).

(20) Such reporting shall be at the first Board meeting following the chief executive officer becoming aware of the possible land transaction.

(21) The executive director of an affiliated foundation must be a paid employee of the foundation, and not of the institution. The appointment or re-appointment of the foundation executive director shall be subject to approval of the foundation's governing board. Prior to approval, the foundation's governing board shall confer with the institution chief executive officer regarding the appointment or re-appointment.

f. Foundation Relationships with the Institutions.

(1) The institutions and foundations acknowledge that each is an independent entity and agree neither will be liable, nor will be held out by the other as liable, for any of the other's contracts, torts, or other acts or omissions, or those of the other's trustees, directors, officers, members, or staff.

(2) Transactions between the institution and an affiliated foundation shall meet the normal tests for ordinary business transactions, including proper documentation and approvals. Special attention shall be given to avoiding direct or indirect conflicts of interest between the institution and the affiliated foundation and those with whom the foundation does business.

(3) A foundation shall permit the institution chief executive officer or a designee (including the Board's auditors) to inspect, at reasonable times, the following documents:

(a) The foundation's books and records;

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- (b) The foundation's most recent federal and state tax returns; and
- (c) A list of the foundation's employees, consultants, and legal counsel for the fiscal year.
- (4) The foundation shall provide to the institution chief executive officer prior to the beginning of the new foundation fiscal year an annual budget and capital expenditure plan approved by the foundation's governing board. The budget should be presented in a comparative format with the prior year, and include major categories of revenues and expense.
- (5) All correspondence, solicitations, activities, and advertisements concerning the foundation shall be clearly discernible as being from the foundation and not the institution.
- (6) Employees hired by the foundations shall be solely funded by the foundations, and such employees shall not be entitled to state employment rights and benefits. These appointments are not subject to Board approval.
- (7) The following provisions shall govern payments made to institutional employees, including institution chief executive officers, which are made in support of the institution, and not in connection with services provided to the foundation:
 - (a) Any such support payments made by foundations to institution employees must have the prior written approval of the chief executive officer of the institution or a designee. Payments to an institution chief executive officer must be approved by the Board; and
 - (b) Any such support payments provided to or on behalf of an institutional employee, including payments to institution chief executive officers, shall be 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. Employees shall not receive any payments or other benefits directly from the foundations. This provision shall include reimbursements for expenses incurred for authorized institution and foundation purposes.
- (9) The institution shall ensure that its associated foundation provides adequate insurance to cover its operations and the activities of its directors, officers, and employees. Foundations shall not operate on state property or on any property under the control of the Board unless adequate liability insurance coverage is in effect.
- (10) Under no circumstances will any employee of the institution who is providing support staff services to a foundation represent both parties in any negotiation between the foundation and the institution.

g. Audits and Reporting Requirements.

(1) Each foundation shall be audited annually by an independent certified public accountant, who is not a director or officer of the foundation, and who is approved by the institution chief executive officer or a designee. The foundation may use the auditor selected by the Board to provide auditing services on behalf of the institution. Each foundation shall conduct its fiscal operations to conform to the institution's fiscal year. Each foundation shall prepare its annual financial statements in accordance with generally accepted accounting principles. The independent audit shall be a full scope review, performed in accordance with generally accepted auditing standards. As part of the audit, the auditor shall verify a summary annual report of transfers of funds made to the institution. Additionally, each foundation shall have a management letter prepared annually by its independent certified public accountant and submitted to the foundation's governing board. Finally, the foundation's governing board shall also require that the scope of the external audit be expanded to include compliance testing of the required policies and procedures herein, including but not limited to general accounting, fund raising, and gift accounting, investment, and institution and foundation employee policies and procedures.

(2) The foundation shall report on a mutually agreed upon schedule to the institution chief executive officer, and shall provide the chief executive officer or a designee with copies of the following:

- (a) Annual financial audit report;
- (b) Annual audit report of transfers made to the institution;
- (c) Annual audit report of unrestricted funds available for the benefit of the institution;
- (d) A list of foundation officers and directors;
- (e) A list of institution employees who received compensation or other payments from the foundation during the fiscal year, and the amount of that compensation or payment;
- (f) A list of all state and federal contracts and grants managed by the foundation; and
- (g) An annual report of the foundation's major activities.

(3) The foundation shall also prepare an annual report to the institution that summarizes the funds transferred to each institution department. The report shall summarize these amounts by each account and the total for each department. The institution and foundation shall provide each other with other reports necessary to assure proper financial oversight.

(4) The foundation shall report annually to the institution chief executive officer each real estate purchase or material capital lease, investment, or financing arrangement

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entered into during the preceding foundation fiscal year. Notice also should be provided periodically of any potential and actual litigation involving the foundation during its fiscal year.

(5) The foundation shall provide the institution chief executive officer with an advance copy of any amendments, additions, or deletions to its articles of incorporation or bylaws.

(6) On an annual basis, the executive director of each foundation shall submit to the chief executive officer and to the Board a letter, which certifies compliance with the following requirements:

(a) Copies of the Board's policy have been circulated among all members of the foundation staff and its governing board;

(b) Compensation of any kind which the foundation has provided to any institution employees has been approved by the chief executive officer or a designee prior to payment (a listing of total payments to specific individuals should be attached to the certification letter);

(c) An audit by an independent certified public accounting has been completed, and the audit committee of the foundation has met and reviewed the management letter and response with that auditor;

(d) The annual budget of the foundation has been approved by the foundation governing board and has been provided to the chief executive officer or a designee;

(e) Written approval has been obtained from the chief executive officer and the Board for any substantial proposed business venture or changes in the nature, scope, or purpose of the foundation; and

(f) Other specific requirements as mutually agreed upon by the foundation governing board and the chief executive officer or a designee.

h. Conflict of Interest and Code of Ethics and Conduct.

(1) Transactions involving the foundation and the personal or business affairs of a trustee, director, officers, or staff member should be approved in advance by the foundation's governing board. In addition, directors, officers, and staff members of a foundation disqualify themselves from making, participating, or influencing a decision in which they have or would have a financial interest.

(2) No director, trustee, officer, or staff member of a foundation shall accept from any source any gift or gratuity that is offered, or reasonably appears to be offered, because of the position held with the foundation; nor should an offer of a gift or gratuity be extended by such an individual on a similar basis.

(3) Board members, administrative officers and officials, and all other employees of the institutions 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. The foundation operating agreement must provide that foundation members, officers, and employees shall also comply with the Board's conflict of interest policy, as applicable. In addition, the foundation operating agreement must provide that such foundation shall develop its own conflict of interest policy, as well as a code of ethics and conduct. These policies shall be complied with by the foundation, and shall be provided to the Board for review and approval along with the foundation operating agreement.

4. 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.

5. 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.

a. By action of the Board, 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 Board.

b. By action of the Board, 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 Board.

c. By action of the Board, 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 Board.

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d. By action of the Board, 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 Board.

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

BUSINESS AFFAIRS AND HUMAN RESOURCES

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applicable laws, regulations, and policies while fulfilling their obligation to contributors, to those who benefit from their programs, and to the general public.

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.

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(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.

(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.

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.

j. 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

BUSINESS AFFAIRS AND HUMAN RESOURCES

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Board. Audits of the IEPBS Foundation and Friends groups will be conducted by the Legislative Auditor.

- 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.
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- 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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INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO

SUBJECT

A report on university-foundation governance structures and a revised operating agreement between the University of Idaho and the University of Idaho Foundation.

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.
March 10, 2005	The University provided the Regents an update on work being conducted by the Association of Governing Boards and outlined the process for completing remaining work.

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND

In September 2004 the University of Idaho and its affiliated foundation, the University of Idaho Foundation, entered into a consulting contract with the Association of Governing Boards (AGB). 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 State Board of Education policies may be recommended, although this is outside the scope of the current AGB contract.

The work that has been accomplished to date was summarized at the March 2005 meeting. UI Foundation and UI would like to complete the 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.

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO - continued

DISCUSSION

Representatives from the Association of Governing Boards (AGB), the University of Idaho Foundation, and the University of Idaho will make a report to the Board and will be available for questions. The current draft of the revised operating agreement will be discussed; the Board will be asked to approve an agreement at a future meeting. Future action items include:

- June 2005 – AGB conducts UI Foundation Board development and assessment session.
- July 1, 2005 – New operating agreement between UI and UI Foundation is implemented.

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

Deliberations to date, and the resulting processes and products are expected to benefit the University of Idaho and Foundation. All other institutions and agencies of the Board with foundations will also benefit from this research, as the relationships between institutions and agencies and their respective foundations are reviewed and possibly reconfigured.

BOARD ACTION

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

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,

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regulations, and policies while fulfilling their obligation to contributors, to those who benefit from their programs, and to the general public.

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.
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4. Idaho Educational Public Broadcasting System Foundations and Friends Groups

BUSINESS AFFAIRS AND HUMAN RESOURCES
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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.

- 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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INSTITUTION / AGENCY AGENDA
AGENCIES AND INSTITUTIONS OF THE STATE BOARD

SUBJECT

Capital Project Approval Process

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.B.8-9. and Section V.I.

Sections 67-5708-5711C, Idaho Code

Section 33-3804-5A, Idaho Code

BACKGROUND

With the many and varied capital facility projects coming before the Board, it is important that staff from the institutions, agencies and the Board understand the legal and policy issues involved. This item is a beginning of that identification process.

DISCUSSION

With the exception of the University of Idaho (as a result of its constitutional status), all higher educational institutions are required to coordinate capital projects, (including lease and lease-purchase agreements), with and through the Department of Administration's Division of Public Works (DPW).

The following is a brief summary of applicable Idaho Statute and/or Board policy on such projects:

Capital Improvement Projects (Including Maintenance and Repair):

Idaho Code 33-3804(c) and (e) provide that every institution shall have power in its name to acquire by purchase, gift, or the exercise of eminent domain and hold and dispose of real or personal property rights; and to acquire any project (buildings, structures, improvements, and equipment) or projects, and to own, operate and maintain such project.

Idaho Code 67-5710A requires that existing public works may not be altered, repaired, constructed, or improved on property owned or occupied by an state agency or institution if the cost of work exceeds \$30,000, without regard to source of funding, until the location, design, plans, and specifications are approved by the PBFAC, and the project supervised by the DPW.

In addition, the statute requires that facilities to be built with funds under the control of a non-state entity, and owned or occupied by state entities, must have plans and specifications reviewed and approved by the PBFAC prior to the advertising, bidding, construction and/or negotiation for construction of the

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facilities. The letting of contracts for public works must comply with the competitive bidding requirements described in Idaho Code 67-5711C.

Idaho Code 67-5711 authorizes the Director of the Department of Administration, subject to the approval of the PBFAC, to let all contracts for, and to have charge of and supervision of the construction, alteration, equipping and furnishing, repair, maintenance of any and all buildings, improvements of public works in the state of Idaho, the cost of which exceeds \$30,000. The letting of such contracts must comply with the competitive bidding requirements described in Idaho Code 67-5711C.

Board Policy V.B.8-9 provides that the requests for approval of major capital improvement projects from other fund sources (other than the Permanent Building Fund) are to be submitted in a format established by the executive director. The policy also provides that the Board is responsible for the submission of major capital budget requests for the agencies and institutions to the DPW. The office will submit to the executive and legislative branches the requests approved by the Board. The policy also provides that requests for approval of major capital improvement projects must be submitted for Board action and is not limited to projects where the costs exceeds \$250,000 annually.

Rental/Lease Agreements including Lease-Purchase Agreements:

Idaho Code 67-5708 provides that the Department of Administration shall negotiate for, approve, and make any and all lease or rental agreements for facilities (real property and improvements, including buildings and structures of any kind) to be used by agencies and institutions in the state of Idaho. The statute also provides that the Administrator of the Division of Public Works may enter into lease-purchase agreements for a facility, but only when the facility is authorized by, and a maximum cost for the facility has been set by, concurrent resolution in the legislature. DPW interprets this statute as requiring a concurrent resolution before a lease-purchase option can be exercised. Board Policy V.I.2.d requires prior Board approval if the term of the lease-purchase exceeds five (5) years, or if the cost exceeds \$250,000 annually.

The Permanent Building Fund Advisory Council (PBFAC) has adopted policies on leasing standards and criteria. Those policies require that no state department, agency, or institution may enter into a lease for a new facility of 3,000 or more usable square feet without using a Request for Proposals (RFP) process. Idaho Code 67-5710 provides that the approval of the Permanent Building Fund Advisory Council (PBFAC) shall be a condition precedent to the undertaking of planning or construction related to appropriations made from the Permanent Building Fund.

Board Policy V.I.1.b provides that leases of office space or classroom space by any institution, school or agency except the University of Idaho are acquired by

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and through the Department of Administration pursuant to Idaho Code 67-5709. However, this statute is applicable with respect to all leases – not just leases of office space or classroom space.

Other Law Applicable to All Projects:

Idaho Code 33-3805A provides that the Board shall not enter into lease-purchase agreements for, acquire, build or take possession of any building or facility which requires state general account appropriated funds for construction, operation or maintenance unless prior approval by the legislature has been given by concurrent resolution authorizing the Board to proceed with the project or projects.

IMPACT

With respect to capital facilities, institutions have a variety of state statutes, Board policy, and Permanent Building Fund Advisory Council policies to follow. Staff is preparing a roadmap or timeline that more clearly identifies all statutes and policies that are involved for capital facility construction or renovation.

STAFF COMMENTS

In 2004 staff began to use a Capital Project Tracking Sheet (see page 5), which is designed to show a project's history (project scope and funding). Institutions include this form for all projects brought before the Board for approval, and all projects brought to the Executive Director for approval under his authority. The form provides a historical context for project approvals (original and revisions), allowing Board members to have a summary project timeline available as part of the discussion.

The Division of Public Works provides project oversight for projects under their purview (as noted above).

DPW has provided OSBE staff with a very detailed diagram/flow chart of the process used for project oversight. This diagram was unable to be easily copied for this agenda item, and will be made available at a subsequent Board meeting.

BOARD ACTION

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

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Office of the Idaho State Board of Education
Capital Project Tracking Sheet
As of April 5, 2004

History Narrative

1 **Institution/Agency:** College of Southern Idaho **Project:** Fine Arts Building
2 **Project Description:** Addition of four classrooms, offices, bathrooms, a lobby and a 350 seat multi-use theater to the existing Fine Arts Building.
3 **Project Use:** Classrooms, offices, bathrooms, and theater in the existing Fine Arts Building.
4 **Project Size:** The project includes approximately 44,685 square feet of new or remodeled spaces.

	Sources of Funds				Use of Funds			
	PBF	ISBA	Other *	Total Sources	Planning	Use of Funds Const	Other	Total Uses
Initial Cost of Project	\$ 861,768	\$ 5,402,000	\$ 995,232	\$ 7,259,000	\$ 520,969	\$ 6,329,406	\$ 408,625	\$ 7,259,000
History of Revisions:								
Revision #1 August 2003			\$ 500,000	\$ 500,000		\$ 510,000	\$ (10,000)	\$ 500,000
The bids have been received and the cost estimate was \$500,000 lower than the actual bid prices. The project description, scope and purpose remain the same.								
Revision #2 March 2004			\$ 100,000	\$ 100,000	\$ 24,598	\$ 76,391	\$ (989)	\$ 100,000
CSI had to re-bid the final two bid packages and they came in \$82,000 higher than anticipated. CSI proposes adding this amount to Construction with \$17,200 to Contingencies for a total \$100,000 increase in the project budget. The project description, scope and purpose remain the same.								
				\$ -				\$ -
Total Project Costs	\$ 861,768	\$ 5,402,000	\$ 1,595,232	\$ 7,859,000	\$ 545,567	\$ 6,915,797	\$ 397,636	\$ 7,859,000

		* Other Sources of Funds-----					
History of Funding:		PBF	ISBA	Institutional Funds	Student Revenue	Other	Total Funding
Nov-01		\$ 861,768	\$ 5,402,000	\$ 995,232			\$ 7,259,000
Aug-03				500,000			500,000
Mar-04				100,000			100,000
Total		\$ 861,768	\$ 5,402,000	\$ 1,595,232	\$ -	\$ -	\$ 7,859,000

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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.

9. Approval by the Board

Requests for approval of major capital improvement projects must be submitted for Board action. Major capital improvement projects, which are approved by the Board and for which funds from the Permanent Building Fund are requested, are placed in priority order prior to the submission of major capital budget requests to the Division of Public Works.

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

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: 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.

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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.

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- b. Acquisition or development of new administrative software or systems that materially affect the administrative operations of the institution by adding new services must be reviewed with the executive director before beginning development. When feasible, such development will be undertaken as a joint endeavor by the four institutions and with overall coordination by the Office of the State Board of Education.

4. Hold of Personal Property

- a. Inventory

An inventory of all items of chattel property valued at two thousand dollars (\$2,000) or limits established by Department of Administration owned or leased by any agency, school or institution must be maintained in cooperation with the Department of Administration as required by Section 67-5746, Idaho Code.

- b. Insurance

Each agency, school and institution must ensure that all insurable real and personal property under its control is insured against physical loss or damage and that its employees are included under any outstanding policy of public liability insurance maintained by the state of Idaho. All insurance must be acquired through the State Department of Administration or any successor entity.

- c. Vehicle Use

Vehicles owned or leased by an institution, school or agency must be used solely for institutional, school or agency purposes. Employees may not, with certain exceptions, keep institutional vehicles at their personal residences. Exceptions to this policy include the chief executive officers and other employees who have received specific written approval from the chief executive officer of the institution, school or agency.

5. Disposal of Real Property

- a. Temporary Permits

Permits to make a temporary and limited use of real property under the control of an institution, school or agency may be issued by the institution, school or agency without prior Board approval.

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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.

6. Disposal of Personal Property

Sale, surplus disposal, trade-in, or exchange of property with a value greater than two hundred fifty thousand dollars (\$250,000) requires prior Board approval.

a. First Refusal

When the property has a value greater than five thousand dollars (\$5,000), the institution, school or agency must first make a good faith effort to give other institutions, school and agencies under Board governance the opportunity of first refusal to the property before it turns the property over to the Department of Administration or otherwise disposes of the property.

b. Sale of Services

The sale of any services or rights (broadcast or other) of any institution, school or agency requires prior approval of the Board when it is reasonably expected that the proceeds of such action may exceed two hundred fifty thousand dollars (\$250,000). Any sale of such services or rights must be conducted via an open bidding process or other means that maximizes the returns in revenues, assets, or benefits to the institution, school or agency.

c. Inter-agency Transfer

Transfer of property from one Board institution, school or agency to another institution, school or agency under Board governance may be made without participation by the State Board of Examiners or the Department of Administration, but such transfers of property with a value greater than two hundred fifty thousand dollars (\$250,000) require prior Board approval.

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7. Litigation

The chief executive officer may negotiate settlement regarding litigation matters, or any claims made that may result in litigation, for up to \$25,000. All such settlements must be reported to the Board in executive session at the next regularly scheduled meeting.

8. Intellectual Property

The chief executive officer may license intellectual property rights of their respective institutions, school and agencies up to (to be developed as the intellectual property policy is finalized).

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

Idaho Statutes

TITLE 67 - STATE GOVERNMENT AND STATE AFFAIRS

CHAPTER 57 - DEPARTMENT OF ADMINISTRATION

67-5708. LEASING OF FACILITIES FOR STATE USE -- CONTROL OF PARKING. The department of administration shall negotiate for, approve, and make any and all lease or rental agreements for facilities to be used by the various state departments, agencies and institutions in the state of Idaho.

For purposes of this section and sections 67-5708A and 67-5709, Idaho Code, the term "facility or facilities" may be used interchangeably and shall mean real property and improvements, including buildings and structures of any kind, excluding water rights not appurtenant to other facilities, and state endowment lands.

The department of administration shall manage multi-agency facilities constructed, acquired or refurbished through the state building authority as established in chapter 64, title 67, Idaho Code, and shall sublease the facilities to various state departments, agencies, and institutions in the state of Idaho. The department of administration is directed to operate any facilities acquired for the state and to enter into rental contracts and lease agreements consistent with the use of the facilities for state purposes when so authorized.

The director may authorize and enter into leases of state capitol mall real estate and multi-agency facilities constructed through the state building authority, not needed for state purposes, to other governmental entities or to nonprofit organizations upon such terms as are just and equitable.

The administrator of the division of public works shall promulgate rules for the control of the parking of motor vehicles in the state capitol mall. Any person who shall violate any of the provisions of the rules shall be subject to a fine of not less than two dollars (\$2.00) nor more than twenty-five dollars (\$25.00); provided however, that any person who shall violate any of the provisions of the rules concerning the altering, counterfeiting or misuse of parking permits shall be subject to a fine of not more than fifty dollars (\$50.00).

Every magistrate and every court having jurisdiction of criminal offenses and the violation of public laws committed in the county of Ada shall have jurisdiction to hear and determine violations of the provisions of the rules and to fix, impose and enforce payment of fines therefore. Alleged violations of the parking rules are not subject to the provisions of chapter 52, title 67, Idaho Code. The department of administration may pay costs incurred in the operation and management of those properties from rents received there from.

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When a facility of the state of Idaho is authorized by concurrent resolution, and a maximum cost for the facility has been set by concurrent resolution, the administrator of the division of public works may enter into lease-purchase or other time-purchase agreements with the Idaho state building authority or other party for the facility.

67-5708B. FACILITIES NEEDS PLANNING. All state agencies shall prepare and maintain a five (5) year facilities needs plan and report such projected facilities needs at their annual budget hearings. State agencies shall prepare such five (5) year plan utilizing guidelines for facilities needs planning established by the department of administration. Any state agency that has unused, underused or available building space shall notify the department of administration and seek opportunities to co-occupy those facilities or any newly acquired or leased facilities with other state agencies.

Each state agency shall provide a copy of its facilities needs plan report to the department of administration. The department of administration shall prepare a five (5) year statewide facilities needs plan incorporating the facilities needs plans of the state agencies and report such facilities needs in its annual budget hearings.

For purposes of this section, the term "state agency" shall mean all state departments, agencies and institutions, excluding state institutions of higher education. For purposes of this section, the term "facilities needs" shall mean the state agency's need to own, operate or occupy real property and improvements including administrative office buildings, structures and parking lots, to assist it in its operation as a state agency. Facilities needs shall not include the ownership, operation or occupying of real property or improvements by a state agency where such ownership, operation or occupying is a function of the agency's purpose, such as real property and improvements, other than administrative office buildings, structures and parking lots described above under the jurisdiction and control of the Idaho transportation department, the department of fish and game, the department of parks and recreation and the department of lands.

The department may promulgate rules and prescribe necessary procedures to implement the provisions of this section.

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67-5709. MANAGEMENT OF STATE FACILITIES. The director of the department of administration may pay personnel costs and operating expenditures incurred in the operation and management of the state capitol mall and the multi-agency facilities constructed through the state building authority from the rents received therefrom. Proceeds accruing from such rental contracts and lease agreements after payment of personnel costs and operating expenditures which are in excess of two hundred thousand dollars (\$200,000) at the end of the fiscal year shall be deposited to the credit of the permanent building account. Proceeds from the rental of parking spaces in the capitol mall shall be deposited upon receipt to the credit of the permanent building account. Said proceeds shall not be expended without an appropriation and shall only be appropriated for the security, maintenance and upkeep of the state capitol mall.

67-5710. PERMANENT BUILDING FUND ADVISORY COUNCIL -- APPROVAL OF USE OF FUND -- DUTIES OF ADMINISTRATOR OF PUBLIC WORKS. There is hereby created in the division of public works a permanent building fund advisory council which shall be appointed by the governor. This council shall be composed of one (1) member of the senate, one (1) member of the house of representatives, a citizen engaged in the contracting business, a citizen engaged in the banking business, and a citizen who is a member of the business community not engaged in contracting or banking. The senate member and house of representative member shall be appointed for a fixed term of two (2) years. All other council members shall be appointed for a fixed term of three (3) years. The terms of office of members of the council holding office prior to July 1, 1996, shall expire on the following dates: contracting business member on July 1, 1996; senate member and house of representative member on December 1, 1996; business community member on July 1, 1997; and banking member on July 1, 1998. On or after July 1, 1996, the governor shall appoint members of the council as terms of existing members expire. All members of the council shall serve at the pleasure of the governor. The administrator of public works and the responsible heads of the agencies for which appropriations for construction, renovations, remodelings or repairs are made pursuant to chapter 11, title 57, Idaho Code, shall consult, confer and advise with the permanent building fund advisory council in connection with all decisions concerning the administration of these appropriations and the planning and construction or execution of work or works pursuant thereto. The approval of the permanent building fund advisory council shall be a condition precedent to the undertaking of planning or construction.

The administrator of public works is hereby directed to work in close cooperation with the responsible heads of institutions and agencies for which appropriations are made herein and no building proposals shall be approved by the administrator of public works nor any planning or work undertaken by that officer pursuant to these appropriations without the prior approval of the responsible chief officer of the institutions and agencies for whom appropriations are made herein.

67-5710A. REQUIREMENT OF PLANS AND SPECIFICATION APPROVAL BY PERMANENT BUILDING FUND ADVISORY COUNCIL AND DELEGATION OF PROJECT OVERSIGHT BY THE ADMINISTRATOR FOR THE DIVISION OF PUBLIC WORKS.

(1) (a) Unless an emergency exists as defined in section 67-5711B, Idaho Code, an existing public works may not be altered, repaired, constructed or improved on property owned or occupied by any state institution, department, commission, board or agency, if the estimated cost of work exceeds the limit established in section 67-5711, Idaho Code, and except for those institutions and agency exemptions listed in section 67-5711, Idaho Code, without regard to source of funding, until the location, design, plans and specifications are approved by the permanent building fund advisory council and the project supervised by the division of public works or its designee.

(b) Facilities to be built with funds under the control of a nonstate entity, and owned or occupied by state entities, must have plans and specifications prepared, and all plans and specifications must be reviewed and approved by the permanent building fund advisory council prior to the advertising, bidding, construction and/or negotiation for construction of the facilities.

(2) (a) The administrator for the division of public works may delegate control over design, construction and all other aspects of a public works or maintenance project which costs less than one hundred fifty thousand dollars (\$150,000), to agencies of state government on a project-by-project basis, if a responsible party of the state agency requests that delegation in writing and the permanent building fund advisory council approves the delegation.

- (i) The state agency to whom control is delegated shall assume all responsibility for project budgets and shall receive funds appropriated for the project upon application and approval by the permanent building fund advisory council.
- (ii) Delegation of project control does not exempt the state agency from complying with public works statutes, life safety and building codes or other applicable codes and regulations. The state agency also must comply with any guidelines or procedures for design and construction adopted by the division of public works and the permanent building fund advisory council.
- (iii) State agencies that receive delegated projects may not have access to permanent building fund advisory council contingency funds unless approved by the permanent building fund advisory council or authorized by appropriation.
- (iv) Prior, written approval from the administrator must be granted for any public works utilizing sole source or limited competition. No agency will be delegated the ability to declare an emergency as defined in section 67-5711B, Idaho Code.
- (v) The permanent building fund advisory council may elect to audit any project for compliance with applicable codes and policies.

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- (vi) The delegated state agency will use standard documents for professional services contracts and for construction contracts as adopted by the division of public works.
 - (vii) Delegation is subject to cancellation by the administrator for the division of public works with the concurrence of the permanent building fund advisory council.
-

67-5710B. DEFINITIONS. As used in this chapter:

- (1) "Preventive maintenance" means:
 - (a) Corrective repairs or replacements used for existing state-owned, or state operated facilities, which result from a systematic program in which wear, tear, and change are anticipated and continuous corrective actions are required to be taken to ensure peak efficiency and to minimize deterioration. It includes systematic inspection, adjustment, lubrication, replacement of components, as well as performance testing and analysis; and
 - (b) Repairs and replacements with an estimated useful life of less than five (5) years; and
 - (c) Repairs and replacements which are funded in the state agency's operating budget; and
 - (d) Repairs and replacements which can be accomplished by the agency's existing physical plant staff; and
 - (e) Repairs and replacements which do not require the services of architects, engineers, and other professionally licensed consultants to investigate conditions, prepare recommendations for corrective action, prepare plans and specifications, and supervise the execution of corrective projects.
- (2) "Public works" mean:
 - (a) Any new building, alteration, repair, demolition or improvement of any land, building, structure including utilities, or remodeling or renovation of existing buildings, or other physical facilities, to make physical changes necessitated by changes in the program, to meet standards required by applicable codes, to correct other conditions hazardous to health and safety of persons which are not covered by codes, or to effect a permanent improvement to the facility for any reason including aesthetics or appearance;
 - (b) Site improvement or developments which constitute permanent improvements to real property;
 - (c) Purchase and installation of fixed equipment necessary for the operation of new, remodeled, or renovated buildings and other physical facilities for the conduct of programs initially housed therein to include any equipment that is made a permanent fixture of the building; and
 - (d) Purchase of the services of architects, engineers, and other consultants to prepare plans, program documents, life cycle cost studies, energy analysis, and other studies associated with any new building, alteration, repair, demolition or improvement and to supervise the construction or execution of such projects.

67-5711. CONSTRUCTION, ALTERATION, EQUIPPING, FURNISHING AND REPAIR OF PUBLIC BUILDINGS AND WORKS. The director of the department of administration, or his designee, of the state of Idaho, is authorized and empowered, subject to the approval of the permanent building fund advisory council, to provide or secure all plans and specifications for, to let all contracts for, and to have charge of and supervision of the construction, alteration, equipping and furnishing, repair, maintenance other than preventive maintenance of any and all buildings, improvements of public works of the state of Idaho, the cost of which construction, alteration, equipping and furnishing, repair, maintenance other than preventive maintenance exceeds the sum of thirty thousand dollars (\$30,000) for labor, materials and equipment, which sum shall exclude design costs, bid advertising and related bidding expenses, provided, that the director or his designee, and permanent building fund advisory council shall, in the letting of contracts under this section, comply with the procedure for the calling of bids provided in section 67-5711C, Idaho Code; provided, however, that this section shall not apply to the construction, alteration, equipping or furnishing or repair or maintenance other than preventive maintenance of public buildings under the jurisdiction and control of the board of regents of the university of Idaho; provided further, that the bidding procedures required by this section and section 67-5711C, Idaho Code, shall not apply to performance contracts as provided in section 67-5711D, Idaho Code; provided further, that public works for the Idaho transportation department, the department of fish and game, the department of parks and recreation, and the department of lands, except for administrative office buildings and all associated improvements, are exempt from the provisions of this section that relate to the administration and review of such projects by the director of the department of administration or his designee and by the permanent building fund advisory council. This exemption shall not relieve the Idaho transportation department, the department of fish and game, the department of parks and recreation, and the department of lands in the letting of contracts for public works, from complying with the procedures of section 67-5711C, Idaho Code, related to the advertising and bidding for contracts. The permanent building fund advisory council may adopt rules consistent with existing law, including rules for a program of inspection and maintenance, to carry out the provisions of this act.

67-5711C. CONSTRUCTION OF PUBLIC PROJECTS – COMPETITIVE SEALED BIDDING.

- (1) All construction contracts for public works shall be awarded to the lowest responsible and responsive bidder after receipt of competitive sealed bidding except as otherwise provided in sections 67-5711B, 67-5711D and 67-5713, Idaho Code.
- (2) An invitation for bids shall be issued and shall include a project description and all contractual terms and conditions applicable to the public works.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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(3) Adequate public notice of the invitation for bids shall be given at least fourteen (14) days prior to the date set forth therein for the opening of bids. Such notice shall include publication at least fourteen (14) days prior to bid opening in a newspaper of general circulation in the area where the work is located.

(4) Bids shall be opened publicly at the time and place designated in the invitation for bids. The amount of each bid and such other relevant information as may be specified by rules, together with the name of each bidder, shall be entered on a record and the record shall be open to public inspection. After the time of the award all bids and bid documents shall be open to public inspection in accordance with the provisions of sections 9-337 through 9-347 and 67-5725, Idaho Code.

(5) With respect to a project having a written cost estimate of greater than two thousand five hundred dollars (\$2,500) but less than the public works limit established in section 67-5711, Idaho Code, the agency, if it does not perform the work with existing physical plant staff, must award a written contract to the lowest responsible and responsive bidder after soliciting at least three (3) documented informal bids from contractors licensed in Idaho to perform public works contracts, if reasonably available. Adequate public notice of the invitation for informal bids shall be given at least seven (7) days prior to the date set forth therein for the receipt of the informal bids. Such notice may include publication at least seven (7) days prior to bid opening in a newspaper of general circulation in the area where the work is located; or the agency may advertise the invitation for bids in appropriate trade journals, and otherwise notify persons believed to be interested in the award of a contract. Informal bids must be submitted by the contractor in writing in response to a prepared written document describing the project's scope of work in sufficient detail so as to enable a contractor familiar with such work to prepare a responsible bid. Nothing herein exempts an agency from the responsibility of utilizing formal plans and specifications if the work involves the public health or safety as described in chapters 3 and 12, title 54, Idaho Code. The agency must document receipt of the informal bids in the project file.

(6) Any personal property including goods, parts, supplies and equipment which is to be supplied or provided by a state agency for use in any public work, project, or preventive maintenance programs, whether the public work, project, or preventive maintenance program is constructed, undertaken or performed by agency in-house personnel, or by delegation pursuant to section 67-5710A, Idaho Code, or otherwise provided or supplied by the agency to a contractor, the personal property, goods, parts, supplies or equipment supplied or provided by the agency must be purchased or procured by the agency through the division of purchasing in accordance with the Idaho Code.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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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 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

BUSINESS AFFAIRS AND HUMAN RESOURCES
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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.

33-3805A. PROCEDURE PRIOR TO AUTHORIZATION. Notwithstanding any other provisions of this chapter, the board shall not enter into lease-purchase agreements for, acquire, build or take possession of any building or facility which requires state general account appropriated funds for construction, operation or maintenance unless prior approval by the legislature has been given by concurrent resolution authorizing the board to proceed with the project or projects.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY

SUBJECT

Boise State University requests approval to proceed with the construction of the indoor practice facility for a total project budget not to exceed \$9.5 million.

REFERENCES

January 24, 2005	Board approved the selection of a design consultant to develop an RFP for an indoor practice facility using the design-build project delivery method
March 10, 2005	Board approved the issuance an RFP for an 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 Code

BACKGROUND

This project would include an indoor practice facility of approximately 77,000 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 Division of Public Works approved the utilization of design-build project delivery method to expedite completion of this project and obtain the best overall project within the proposed total project budget. The RFP was issued by the DPW on Friday, March 18 to five design-build teams that met DPW qualification requirements. Proposals are due to DPW on April 14, 2005. Selection will be made on April 19.

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) experience with design/build construction; b) experience with long span pre-engineered steel structures; and c) have successfully completed at least two projects over \$5 million; 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 February 1, 2006, 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 which 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 Athletics Department has received cash contributions and pledges for this project and the University is seeking Board approval to enter into a financing arrangement to ensure that the project is completed in a timely manner.

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, staff determined that a maximum of \$5.4 million of the project cost can be financed in anticipation of additional cash gifts. In addition, these revenues are sufficient to cover operating, maintenance and utility expenses with

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY - continued

sufficient reserves to replace the turf in 10 years. The University will present a financing plan at the Board meeting based on cash donations to date and the remaining amount to be financed. The University requests approval to issue tax exempt general revenue bonds to finance this construction (see next agenda item).

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

As noted at the beginning of this cover sheet, the Board previously provided approval for the Requests For Proposal (RFP) to be issued by the Division of Public Works (DPW). Selection of the design-build team will be overseen by the DPW, which will then sign a contract with the successful team.

Staff will provide the Board with project updates throughout the life of the project; BSU and/or DPW staff will attend and make presentations as requested by the Board.

Because the design/build team will be selected by the Division of Public Works on April 19, that team is not known at the time of agenda preparation. The team name will be provided to the Board at the time of the meeting.

As noted in the narrative, BSU will provide the following at the April Board meeting: name of the design/build team selected by the Division of Public Works, the proposal from that team, and any updated financing information (if any). Also noted in the narrative, bonds will be issued to finance this project, to partially be paid off by cash gifts. That request is in the next agenda item.

Staff recommends approval of this project.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY - continued

BOARD ACTION

A motion to accept the selection of _____ by the Division of Public Works as the design/build team for the Indoor Practice Facility at Boise State University, to approve the project as presented by the identified design/build team, to approve the financing as presented by Boise State University, at a total project cost not to exceed \$9.5 million, and to proceed with the construction of the indoor practice facility.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

DPW PROJECT BUDGET

PROJECT NUMBER:	05283	
PROJECT TITLE:	Indoor Practice Facility, Boise Idaho Design/Build	
Construction est. rounded to:	1000	trial>>
CATEGORY	BUDGET	9,500,000
Design/Build Stipends		25,000
10% A/E Reimbursable		2,500
Construction Manager		
CM Reimbursable		
Consultant		
Consultant Reimbursable		
Testing during const		15,000
87% (CC) Construction Estimate		8,950,000
5% (CO)Contingency & C.O.		450,000
Subtotal CC+CO		9,400,000
Equipment		
Builder's Risk		30,000
Miscellaneous 2		
Miscellaneous 3		
Project Contingency		8,249
Plan Check		12,051
Advertising		200
Site Survey		3,000
Soil Investigation		4,000
TOTAL Budget		9,500,000

ecs 7/25/03

Office of the Idaho State Board of Education
Capital Project Tracking Sheet
As of October 25, 2004

History Narrative

1 Institution/Agency:	Boise State University	Project:	Indoor Practice Facility
2 Project Description:	<p>This facility would provide space for indoor football practice out of the elements during periods of inclement weather. The practice area would be the size of a regulation collegiate football field and would have an artificial turf playing surface similar to that in Bronco Stadium. This facility would provide a second field (in addition to the Stadium) at which football practice could be held. The project may also include an adjoining building to accommodate the marching band, dance team and cheerleaders. This portion of the project would include practice rooms, dressing and locker rooms, offices and storage spaces. The proposed site for this project is in the existing parking lot west of the Stadium. This project would utilize the design-build project delivery method.</p>		
3 Project Use:	Practice space for football and other intercollegiate sports, campus recreation and intramurals, marching band practice, and community use.		
4 Project Size:	The indoor practice facility would be approximately 77,000 gross square feet in area. The facility for the marching band, dance team, cheerleaders and storage space would be approximately 16,000 GSF in area.		

[illegible]

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

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.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

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
APRIL 21-22, 2005

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 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
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY

SUBJECT

Authorization for issuance of general refunding and revenue bonds to refund¹ certain outstanding bonds of the University and to construct certain new projects.

REFERENCE

December 2, 2004	Board approved a \$3.5 million increase to Student Services Center budget.
January 24, 2005	Board approved the selection of a design consultant to develop an RFP for an indoor practice facility using the design-build project delivery method.
March 10, 2005	Board approved the issuance of an RFP for an indoor practice facility project.

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND

Boise State University requests the Board's approval to issue approximately \$_____ in tax-exempt general refunding and revenue bonds (the "Series 2005A Bonds") pursuant to a Supplemental Bond Resolution to finance the following projects and to refund certain outstanding bonds¹:

Projects

1. Student Services Center Improvements	\$ 3,500,000
2. Indoor Practice Facility	\$ 5,400,000
Total Project Costs	\$ 8,900,000

Refunded Bonds¹

The refunding of certain of the University's Student Fee Refunding Revenue Bonds, Series 1996, Student Fee Refunding and Improvement Bonds, Series 1998, and Student Building Fee Revenue Bonds, Series 2001 in the aggregate principal amount of \$_____, would result in a debt service net present value savings in the amount of approximately \$_____.²

The University will also fund a reserve fund with proceeds of the Series 2005A Bonds, pay for bond insurance and other costs of issuance.

¹ Inclusion of refunding bonds will depend on market conditions. See "Discussion" below.

² Exact amount will be available at the meeting.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY – continued

DISCUSSION

Projects

Student Services Center: Approximately \$3,500,000 of the proceeds of the Series 2005A Bonds will be used to supplement previous financing for construction of a student services center comprised of the following student services: New Student Information, Graduate and Undergraduate Admissions, Registrar and Enrollment Services, Financial Aid and Scholarships, Student Financial Services, New Student Orientation, Disabled Student Services, Testing and Academic Support Services and Service-Learning Program. The University intends to begin construction in 2006 and expects construction to take approximately 12 months to complete.

Indoor Practice Facility: Approximately \$5,400,000 of the proceeds of the Series 2005A Bonds will be used to construct an approximately 77,000 gross square foot facility 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, including campus recreation and intramural sports. 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.

Refunding

The University, with the assistance of its bond underwriter, periodically reviews outstanding bond issues to assess when it is advisable to refinance bonds to take advantage of savings that may be available due to lower interest rates. The University will not be extending the maturity date of existing bonds, but, dependent upon market conditions, will be achieving savings solely through current low interest rates. In the event market conditions at the time of the April meeting do not result in substantial savings, the University will not issue the refunding bonds.

Principal Amount

Approximately \$_____ ²

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY - continued

Maturities

[Serial] Maturities from 2006 to 2034. Each project has an individual maturity schedule to coincide with useful life.

Amortization Plan

Level annual debt service for each project.

Interest Rates

To be determined on the day of pricing. Estimated scale of yields is _____% in 2005 to _____% in 2034. ²

Source of Security

General Revenue Pledge of the University. Excludes appropriated funds, grants and contract revenues and restricted gifts.

Ratings

Bonds are expected to be rated "AAA" based on bond insurance. Moody's Investors Service and Standard & Poor's each are expected to confirm the University's current ratings of "A1" and "A+" respectively, each with a stable outlook.

Bond Insurance and Cost

Bond insurance commitment received from _____. Premium quote of _____% of total debt service; the other bids ranged as high as _____% of total debt service. The increased interest cost for "A1/A+" rated bonds compared to "AAA" bonds would exceed the amount of this premium.²

Documents Provided Before the Meeting

With this agenda item, the University is submitting the following documents:

1. Preliminary Official Statement to be made available to potential investors on April 12, 2005.
2. Supplemental Bond Resolution
3. Bond Purchase Contract
4. Rating Agency Reports

Documents to be Provided Immediately Prior to the Meeting

Once pricing is concluded, the University will be able to provide the following at the meeting.

1. Bond sizing analysis showing final amounts, interest rates and maturities on the Bonds and, if applicable, the savings resulting from issuance of the refunding bonds

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY - continued

2. Insert of pages _____ to Supplemental Bond Resolution showing rates and maturities of the Bonds
3. Insert of new Appendix A to Bond Purchase Agreement showing rates and maturities of the Bonds.

Bond pricing will occur during the day of April 21, 2005. Agenda consideration after 1:00 pm is requested.

IMPACT

Dependent on market conditions, lower interest rates will result in total, as well as present value, debt service savings. The exact amount of savings will be determined when the bonds are priced.

STAFF COMMENTS AND RECOMMENDATIONS

Staff has requested bond documents and information regarding annual revenue to be used for bond repayment from BSU, and expects these to have been delivered in time for adequate review.

Staff recommends approval.

BOARD ACTION

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

A SUPPLEMENTAL RESOLUTION authorizing the issuance and sale of \$_____ ² General Refunding and Revenue Bonds, Series 2005A, of the Board of Trustees of Boise State University; authorizing the execution and delivery of a Bond Purchase Agreement and providing for other matters relating to the authorization, issuance, sale and payment of the Series 2005A Bonds.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

[Note – motion must be approved by a majority of the members of the Board – approve with a roll-call vote.]

² Exact amount will be available at the meeting.

REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

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

April 2002

F. Bonds and Other Indebtedness

1. General Powers

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

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

2. Attorney General's Opinion

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

3. Private Sale

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

4. Responsibility of the Chief Executive Officer

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

Expenditure of Excess Revenue

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

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY

SUBJECT

Boise State University requests approval for the Mathematics/Geosciences Building research laboratory remodel project of \$730,000.

APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education Governing Policies and Procedures, Section V.K.2.

BACKGROUND

This project will convert an existing paleontology classroom (Room 207) into an Isotope Geochemistry research laboratory for a recently hired assistant professor in the Department of Geosciences. The laboratory will include a suite of wet chemistry, instrument and control rooms and will accommodate a new thermal ionization mass spectrometer. The existing mechanical systems of the Mathematics/Geosciences Building will not support this research laboratory so the project scope included the installation of a new chiller, air-handling unit, and humidifier—all of which will need to be located on the building's roof.

On April 8, 2004, Executive Director Gary Stivers originally approved this project with an anticipated total project budget of \$350,000. Upon further discussion, it was determined to be in the best interests of the University to increase the project budget by \$95,000 to permit the new chiller and air-handling unit to be up-sized to accommodate three future research labs that are planned for the Department of Geosciences in the Mathematics/Geosciences Building. On February 14, 2005, Mr. Stivers approved an increase of \$95,000 to bring the total project budget to \$445,000.

DISCUSSION

Cost estimates for the original project, as well as the increase in project scope, were provided by the local design consultants retained by the Department of Public Works for the project. The Division of Public Works received bids for the project on March 23, 2005. All of the bids were considerably greater than the construction budget. The three low base bids were less than \$8,300 apart so it appears that the bids were competitive and there was little ambiguity in the bidding documents.

Two issues have been identified that both relate to errors by the design consultants with respect to estimating the mechanical costs for the project. Over \$100,000 was due to a change in estimate by the consulting engineer that had not been properly communicated when the February up sizing was requested. Secondly, even considering this change in estimate, the bids received were approximately \$135,000 higher for this aspect of the project.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY - continued

It is anticipated that the project will be completed by September 2005. The remodel of the first lab is critical to meet the needs of a new physics professor, hired in 2004 that will arrive at Boise State in August 2005.

IMPACT

Since the time of his hire in January 2004, this professor has been awarded three grants totaling \$504,000 from the National Science Foundation (NSF) and Carnegie for proposed work at Boise State. Currently, he also has a major instrumentation grant (\$875,000) under review by the NSF, which will go toward the purchase of a mass spectrometer. A decision on final award of this grant will be made in May. In addition, NSF is scheduled for a site visit to Boise State University in mid-July to review the related facilities. A delay in the lab opening would jeopardize these projects.

STAFF COMMENTS AND RECOMMENDATIONS

Staff has reviewed the request and questions how a \$100,000 change estimate can be "not communicated" by the project consulting engineer, and go unnoticed by other parties involved in the project. While this may not be within the purview of BSU, this problem may indicate a need for a better system of quality control regarding the overall project process.

BSU has provided a Capital Project Tracking Sheet, which is attached, showing the history of project costs and funding sources.

BOARD ACTION

A motion by Boise State University to approve a request to proceed with a remodel project for the Department of Geosciences, College of Arts and Sciences, at a budget not to exceed \$730,000. The sources of funding for the project are Institutional Funds.

Moved by _____ Seconded by _____ Carried _____ No _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

PROJECT BUDGET WORKSHEET

PROJECT NUMBER: 04-213
PROJECT NAME: Isotope Geochemistry Lab Remodel Math/Geo
Remodel
Boise State University
Boise, Idaho
TOTAL BUDGET: **\$730,000**

CATEGORY		BUDGET
A/E Fees		\$34,000
A/E Reimbursable		\$3,000
Construction Manager		
CA/CM Reimbursable		
Consultant		
Consultant Reimbursable		
Testing during construction		\$2,000
Construction Contract		\$646,281
Construction Contingency		\$32,314
Subtotal Construction Contract & Contingency		\$678,595
Misc.		
Misc.		
Misc.		
Project Contingency		\$10,635
Plan Check Fee		\$1,620
Advertising		\$150
Site Survey		
Soil Investigation		
TOTAL		\$730,000

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

History Narrative

1 **Institution/Agency:** Boise State University **Project:** Room 207 Lab Remodel, Mathematics/Geosciences Building
2 **Project Description:** Remodel existing paleontology classroom (Room 207) into an Isotope Geochemistry research laboratory to accommodate a recently hired faculty member of the Department of Geosciences. This new laboratory will include a suite of wet chemistry, instrument and control rooms and will accommodate a new thermal ionization mass spectrometer. A new chiller and new boiler required for this project will be up-sized to accommodate future research lab remodels.
3 **Project Use:** Isotope Geochemistry research laboratory for the Geosciences Department
4 **Project Size:** The project includes approximately 815 square feet of remodeled space.

	Sources of Funds				Use of Funds			
	PBF	ISBA	Other *	Total Sources	Planning	Use of Funds Const	Other	Total Uses
Initial Cost of Project	\$ -	\$ -	\$ 350,000	\$ 350,000	\$ 26,400	\$ 320,127	\$ 3,473	\$ 350,000
History of Revisions:								
Proposed Revision #1 February 2005	\$ -	\$ -	\$ 95,000	\$ 95,000	\$ 9,550	\$ 85,450	\$ -	\$ 95,000
Engineers recommended up-sizing the chiller and boiler (that would be provided as part of this project) to accommodate the 2-3 future research lab remodels anticipated for this building. The project description, scope and purpose remain the same.								
Proposed Revision #2 April 2005	\$ -	\$ -	\$ 285,000	\$ 285,000	\$ 1,050	\$ 273,018	\$ 10,932	\$ 285,000
The Division of Public Works received bids for this project on March 23, 2005. All of the bids were considerably greater than the construction budget. The project budget would be increased by \$285,000 to allow award of the construction contract. The project description, scope and purpose remain the same.								
Total Project Costs	\$ -	\$ -	\$ 730,000	\$ 730,000	\$ 37,000	\$ 678,595	\$ 14,405	\$ 730,000

History of Funding:	* Other Sources of Funds						
	PBF	ISBA	Institutional Funds	Student Revenue	Other	Total Other	Total Funding
Date approved??	\$ -	\$ -	\$ 350,000			\$ 350,000	\$ 350,000
2/5/2005 Requested Increase			95,000			\$ 95,000	\$ 95,000
4/5/2005 Requested Increase			285,000			\$ 285,000	\$ 285,000
Total	\$ -	\$ -	\$ 730,000	\$ -	\$ -	\$ 730,000	\$ 730,000

REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

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

April 2002

K. Construction Projects

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.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY

SUBJECT

Idaho State University (ISU) requests approval to exchange 1½ city lots for 1½ city lots with Varsity Square, LLC (Varsity).

REFERENCE

December, 2004
January, 2005

Held over to January, 2005 pending more information
Held over to April, 2005 pending more information

APPLICABLE STATUTE, RULE OR POLICY

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

BACKGROUND

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

DISCUSSION

An appraisal has been completed and both parcels being exchanged have each been appraised at \$8,200.00. ISU also conducted tests and have determined that there are no buried underground tanks remaining on the property. The Department of Environmental Quality has also inspected the property, reviewed ISU's efforts and have concluded that there is no evidence remaining on the property and that the steps taken by ISU are reasonable.

DOCUMENTS

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

Attachment A	Idaho State University – Varsity Square, LLC <u>Agreement to Exchange Real Property</u>
Attachment B	Easement Agreement
Attachment C	Warranty Deed (Varsity)
Attachment D	Warranty Deed (ISU)
Attachment E	Picture of Properties
Attachment F	Appraisal

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY - continued

IMPACT

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

STAFF AND COMMENTS AND RECOMMENDATIONS

Staff has reviewed this request for consistency with Board policy and finds the proposal to be in the best interests of Idaho State University and the Board. The parcels being exchanged have equally appraised values and ISU will have its parking area paved at no additional cost.

Staff recommends approval.

BOARD ACTION

A motion to approve an agreement between Idaho State University and Varsity Square, LLC to exchange real property, in the form presented to the Board, and to delegate signature authority in regard to such agreement to Mr. Ken Prolo, Vice President for Financial Affairs and Bursar at Idaho State University.

Moved by _____ Seconded by _____ Carried Yes_____ No_____

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY-continued

Attachment A

IDAHO STATE UNIVERSITY - VARSITY SQUARE, LLC

AGREEMENT TO EXCHANGE REAL PROPERTY

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

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

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

4. Covenants and Warranties.

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

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

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

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

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY-continued

Attachment A

5. Closing. The closing shall take place at Alliance Title & Escrow Corp., 303 South 4th Avenue, Pocatello, Idaho, as soon as the closing documents can be prepared, which shall be on or before the 20th day of May, 2005.

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

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

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

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

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

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

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

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

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY-continued

Attachment A

Agreement are binding upon them.

DATED this _____ day of _____, 2005.

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

By: _____
Its: _____

By: _____
Its Manager

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

ALLIANCE TITLE & ESCROW CORP.

By: _____
Its: _____

Exhibit "A"

LEGAL DESCRIPTION OF VARSITY PROPERTY

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

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

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY-continued

Attachment A

Exhibit "B"

LEGAL DESCRIPTION OF ISU PROPERTY

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

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

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY-continued

Attachment B

Exhibit "C"

EASEMENT AGREEMENT

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY-continued

Attachment B

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

EASEMENT AGREEMENT

THIS EASEMENT AGREEMENT (the "Agreement") is made and entered into this _____ day of _____, 2005, by and between THE STATE OF IDAHO by and through THE STATE BOARD OF EDUCATION (hereafter referred to as the "Board"); and VARSITY SQUARE, LLC, an Idaho limited liability company (hereafter referred to as "Varsity").

RECITALS:

- A. Pursuant to a written Exchange Agreement entered into on the same date as this Agreement, Varsity has become the owner of real property adjacent to Lot 3 of Block 437 of the Pocatello Townsite (hereinafter referred to as the "Subject Property"), more particularly described on Exhibit A attached hereto.
- B. Pursuant to the referenced Exchange Agreement, Varsity became the owner of all of Lot 4 and the North ½ of Lot 5, Block 437, Pocatello Townsite, and Varsity has been previously the owner of all of Lots 6, 7, 8, 9 and 10 and the South ½ of Lot 5 of Block 437, Pocatello Townsite.
- C. As a result of the exchange described in the Exchange Agreement, Varsity is now the owner of all of Lots 4, 5, 6, 7, 8, 9 and 10, Block 437, Pocatello Townsite, Bannock County, Idaho (hereinafter referred to as the "Varsity Property"), and the Board is now the owner of Lots 1, 2 and 3, Block 437, Pocatello Townsite (hereinafter referred to as the "ISU Property").
- D. The Board and Varsity desire to further document their agreement with regard to an easement over the Subject Property, which is a portion of the ISU Property.

AGREEMENT

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

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

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY-continued

Attachment B

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

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

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

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

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

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

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

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

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY-continued

Attachment B

By: _____ By: _____
Its: _____ Its Manager

STATE OF IDAHO)
:ss.
COUNTY OF _____)

On the _____ day of _____, 2005, before me, the undersigned Notary Public in and for said State, personally appeared _____, known or identified to me to be the _____ of the Idaho State Board of Education, the governmental agency or entity that executed the foregoing instrument, and acknowledged to me that he/she executed the same for and on behalf of the Idaho State Board of Education.

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

Notary Public for Idaho
Residing at _____, Idaho
My Commission Expires:

STATE OF IDAHO)
:ss.
COUNTY OF BANNOCK)

On the _____ day of _____, 2005, before me, the undersigned Notary Public in and for said State, personally appeared _____, known or identified to me to be the Manager of Varsity Square, LLC, the limited liability company that executed the foregoing instrument, and acknowledged to me that he executed the same for and on behalf of said limited liability company.

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

Notary Public for Idaho
Residing at _____, Idaho
My Commission Expires:

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY-continued

Attachment B

EXHIBIT A

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

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY-continued

Attachment C

WARRANTY DEED

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

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

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

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

Dated this _____ day of _____, 2005.

Varsity Square, LLC

By: _____
Its Manager

STATE OF IDAHO)
 :ss.
COUNTY OF BANNOCK)

On the _____ day of _____, 2005, before me, the undersigned Notary Public in and for said State, personally appeared _____, known or identified to me to be the Manager of Varsity Square, LLC, the limited liability company that executed the foregoing instrument, and acknowledged to me that he executed the same for and on behalf of said limited liability company.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY-continued

Attachment C

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

Notary Public for Idaho
Residing at _____, Idaho
My Commission Expires:

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

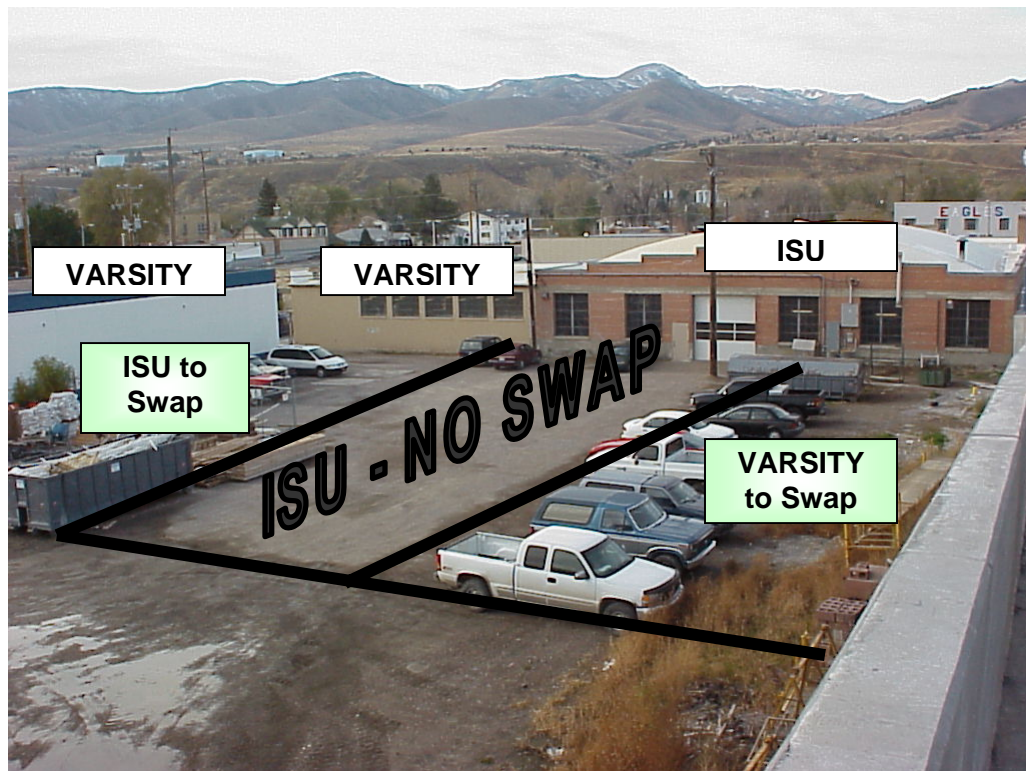
INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY-continued

Attachment D

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

Notary Public for Idaho
Residing at _____, Idaho
My Commission Expires:

PICTURE OF PROPERTIES



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

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Appraisal Report

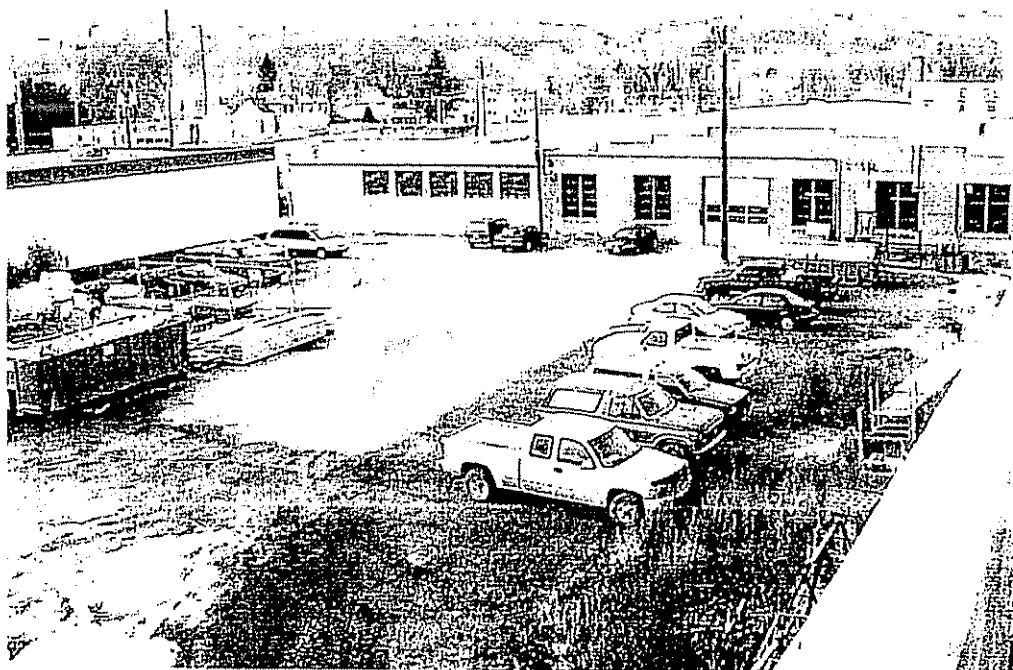
For

IDAHO STATE UNIVERSITY

Dowling - Aslett Parcels
500 Block South Harrison Avenue
Pocatello, Idaho 83204

as of

January 20, 2005



Paul Smith Agency

PAUL SMITH AGENCY

P.O. BOX 4901
POCATELLO, IDAHO 83205-4901
PHONE: (208) 232-5315
FAX: (208) 232-5312

January 22, 2005

Mr. Bradley H. Hall, General Counsel
Idaho State University
Campus Box 8410
Pocatello ID 83209

Re: ISU - Aslett Parcels
500 Block South Harrison Avenue
Pocatello, Idaho

Dear Mr. Hall:

In accordance with your request for an estimate of the market value of the unencumbered fee simple title to the property located at

Lots 1, 2, 3, 4 & 5, Block 437,
Pocatello Townsite, Bannock County, Idaho,

I have personally inspected the property and have made a careful and detailed analysis of all factors pertinent to the estimate of value.

The accompanying report of 27 pages, including this Letter of Transmittal, contains the results of my investigation and analysis.


In my opinion, the Market Value of the Subject Properties as of January 20, 2005, was

Parcel 1: EIGHT THOUSAND, TWO HUNDRED AND NO/100 (\$8,200.00) DOLLARS.

Parcel 2: EIGHT THOUSAND, TWO HUNDRED AND NO/100 (\$8,200.00) DOLLARS.

Parcel 3: FIVE THOUSAND, SEVEN HUNDRED AND NO/100 (\$5,700.00) DOLLARS.

Respectfully submitted,



Paul R. Smith, CGA
Certified General Appraiser



MULTIPLE LISTING SERVICE

PAUL R. SMITH - Certified General Appraiser

SUMMARY OF IMPORTANT CONCLUSIONS

PROPERTY DESCRIPTION: Parcel 1: Lot 1 and the North ½ Lot 2, Block 437
 Parcel 2: Lot 4 and the North ½ Lot 5, Block 437
 Parcel 3: Lot 3, Block 437, all in Pocatello Townsite,
 Bannock County, Idaho

SPECIAL ASSUMPTIONS/CONCLUSIONS: Standard, excepted as defined in Appraisal.

HIGHEST AND BEST USE: Additions to adjacent and/or nearby parcels to enhance utility.

AGE OF IMPROVEMENTS: None, Not applicable

ESTIMATES OF LAND VALUE:

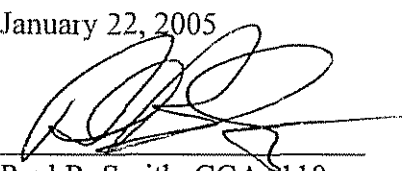
VALUE INDICATIONS:

<u>Parcel 1:</u>	\$8,200
<u>Parcel 2:</u>	\$8,200
<u>Parcel 3:</u>	\$5,700

DATE OF VALUE: January 20, 2005

DATE OF REPORT: January 22, 2005

APPRAISER:


Paul R. Smith, CGA #110
Certified General Appraiser

General Summary Appraisal Report Limited Appraisal

This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

CLIENT:

Idaho State University
Campus Box 8410
Pocatello ID 83209-8410

APPRAISER:

Paul R. Smith
Certification No.: CGA- 110

SUBJECT:

Three parcels of land located at the 500 block of South Harrison Avenue, Pocatello, Idaho.

PURPOSE OF THE APPRAISAL:

The purpose of this appraisal is to provide the appraiser's best estimate of the market value of the subject real property as of the effective date. The value determination is necessary to facilitate the exchange of properties and the granting of an easement.

DEFINITION OF MARKET VALUE:

Market value as defined by the federal financial institutions regulatory agencies means 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 and 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:

DEFINITION OF MARKET VALUE: (continued)

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interests;
- (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.

INTENDED USE:

This appraisal is intended to assist the Client, **Idaho State University, Campus Box 8410, Pocatello, ID 83209-8410**, in determining a reasonable market value for negotiating a real estate trade and transfer for the subject properties.

INTEREST VALUED:

The property was appraised as if free and clear of all encumbrances. The FEE simple estate was valued.

EFFECTIVE DATE OF VALUE: January 20, 2005

DATE OF REPORT: January 22, 2003

SCOPE OF APPRAISAL:

The appraiser visited the subject property and made a basic inventory of the improvements thereon. The current and past market for sales of similar property, both unimproved and improved, in the Pocatello and Chubbuck market was examined in order to find reasonably comparable sales that occurred within the past three or four years. Current listings of similar properties were also considered. Analysis of these sales and offerings, relative to their comparability with the subject, resulted in the following statements and opinions.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS:

To develop the opinion of value, the appraiser performed a complete appraisal process, as defined by the Uniform Standards of Professional Appraisal Practice. This means that no departures from Standard 1 were invoked. Under provisions of Standard Rule 1-4, the following determinations and departures were made:

1. The Sales Comparison Approach was considered to be the only relevant approach to value and there was no departure from Standard Rule 1-4 (a)
2. The Replacement Cost Approach in an analysis of the value of land only was essentially the same process as the Sales Comparison Approach and would be redundant. It was not normally used in a land appraisal and no departure from Standard Rule 1-4 (b) was necessary.
3. The Income Approach for land was reliant upon analysis of comprehensive income and expense information for the subject and comparables. This information was not furnished and was not readily available. With the concurrence of the Client, this approach was omitted and a departure from Standard Rule 1-4 (c) was invoked.

This Summary Appraisal Report is a brief recapitulation of the appraiser's data, analyses, and conclusions. Supporting documentation is retained in the appraiser's file.

DESCRIPTION OF REAL ESTATE APPRAISED:

Legal Description:

- Parcel 1: Lot 1 and the North ½ Lot 2, Block 437, Pocatello Townsite, Bannock County, Idaho. 45' x 140', 6,300 SF.
- Parcel 2: Lot 4 and the North ½ Lot 5, Block 437, Pocatello Townsite, Bannock County, Idaho. 45' x 140', 6,300 SF.
- Parcel 3: Lot 3, Block 437, Pocatello Townsite, Bannock County, Idaho. 30' x 140', 4,200 SF.

We caution users of this report that we are not experts in rendering legal descriptions or in regarding issues of this property's title. The legal description cited above is a copy of the deed to the subject obtained from the official records of the Bannock County Recorder's Office and provided to us by the Client. We caution that appropriate legal council be retained in all matters regarding this property's legal description and issues of title.

LOCATION:

The subject was located just west of the Union Pacific Railroad yards in the center of the city. It was at the southerly end of the commercial strip that ran northwesterly/southeasterly along the westerly boundary of the railroad right of way. The majority of the commercial uses were along Main Street and Arthur Avenue, with some additional commercial and light industrial uses along Harrison Avenue.

HAZARDOUS MATERIALS STATEMENT:

I am not a qualified hazardous materials inspector, but as a Certified Real Estate Appraiser I am aware of some conditions conducive to possible exposure to hazardous materials. The historical use of the subject property suggests that there may be, or may have been some hazardous materials handled on site. It is suggested that a Phase I inspection and report from the EPA be obtained if the owner or prospective buyer of the subject property has any questions or concerns.

PROPERTY DESCRIPTION:

Each of the three parcels was essentially vacant land that was used as a defacto parking lot in conjunction with the commercial and educational uses in the nearby buildings. The parcels were rectangular in shape, generally flat, and accessible via dedicated public streets and rights of way.

ZONING:

The specific zoning was WW, Warehouse and Wholesale zone. This district was established to provide a location for wholesale businesses and warehouses to provide supplies and storage space for the business sector of the community. Design features emphasized accommodation of large trucks, the presence of rail trackage, and the materials-handling space required for commercial suppliers. The district's purpose was to facilitate the conduct of commerce among businesses while minimizing the effects of such activities on the surrounding land uses.

ASSESSED VALUATION AND TAXES:

Parcel 1: Assessor Parcel No: RPPOC278400 2003 Taxes: \$188.94

Land Value:	\$7,875
Improvement Value:	<u>0</u>
Total Property Value:	\$7,875

Parcel 2: Not Assessed

Parcel 3: Not Assessed

FEMA FLOOD MAP:

The subject parcels were in an area of the city depicted on FEMA Map 160012 0009 B, revised May 1, 1980. They were in Zone C, and there did not appear to be any flood hazard.

OWNERSHIP OF RECORD:

Parcel 1: Don Aslett
P.O. Box 1692
Pocatello ID 83204-1692

Parcels 2 & 3: The State Board of Education, Trustee, Idaho State University, Boise, Idaho

CITY DATA:

Pocatello, Idaho was a city of about 51,440 population and located in Southeastern Idaho. It was the site of Idaho State University and the location of the most diversified economy in the State of Idaho. The City of Chubbuck was adjacent to the Northerly borders of Pocatello and included another 9,700 people. Both cities were located in Bannock County, with a total population in excess of 75,560. The above population figures were as of 2000 census.

Since mid-1989 Pocatello and Chubbuck have experienced steady population and economic growth with the addition of numerous new jobs annually during the past four years. There were several major employers, those employing more than 400, which included the Union Pacific Railroad, Astaris (formerly FMC), J.R. Simplot Company, American Microsystems Inc., Kimberly Clark/Ballard Medical, Bannock Regional Medical Center and Idaho State University. In addition, more than 1,000 citizens were employed at the Idaho National Energy and Environmental Laboratory. Most of the job growth was observed to have come from existing businesses which survived the dismal 1980's and have added 1 to 2 new jobs each year. There have been periodic, seasonal lay offs and hirings as the businesses continue to adapt to the ever changing economic climate.

In 1995 there were major expansions announced and/or begun by American Microsystems Inc. and Weight Watchers division of Heinz Food. Each projected more than 200 new jobs in 1996-97. Ballard Medical Corp, a medical supply producer, completed the first phase building in 1996 and began construction on a new building before it was in full production. These buildings were located in the Idaho State University Research Park with 150 jobs in 1996 and 250 more in 1997-98. Other small manufacturers and suppliers had announced plans to locate in Gateway West Industrial Center, and their presence would further broaden the local economic base.

CITY DATA: (continued)

In 1999 Convergys converted an old grocery store into a new Customer Support Call Center. In 2000, major layoffs were announced by Union Pacific Railroad, which was moving part of its operations to Omaha, Nebraska, and by J.R. Simplot Company, which was consolidating its administrative departments in a central facility located in Boise. In December 2001, Astaris (formerly FMC) closed their phosphate processing plant, eliminating over 400 jobs. Some of these layoffs were offset by Wal-Mart, K-Mart, and Fred Meyer, who all expanded their existing retail stores into super-stores. In addition, Wal-Green's built a brand-new pharmacy/drug store on the site of a former Burger King. Home Depot also built a brand-new 115,000 SF home improvement retail store, which opened in the Summer of 2001. In early December 2001, Pier 1 and T.J. Maxx announced they were planning to open retail stores in the vacated Simplot office building sometime in early to mid-year 2002. All these businesses created an estimated 1,500 or more new jobs for the area.

There was a strong movement to rejuvenate the old "Downtown" Pocatello area, with many buildings being restored to their original facades with updated interiors. There was a noticeable renewed pride in the City and the business community. Construction began on a new \$24,000,000 multiple-use Performing Arts Center near the university. A new professional office complex was being developed near Buckskin Road and East Center Street. Near this development, Idaho Farm Bureau built their new \$10 million, 93,600 SF headquarters office building with a 2-level parking garage in November 2001.

The forecast was for continued, though slowed, economic and population growth in a healthy business climate, despite a net loss of 429 jobs in the past year. The enrollment at Idaho State University continued to grow at a pace exceeding the national average. The economic impact of that growth helped to stimulate the local business community.

Pocatello was served by two quality hospitals and a medical community which provided extensive, quality medical care for nearly all human conditions. The local school system, though expending less per student than 98% of the Idaho school districts, provided quality K through 12 educational services. A bond election approving the funding of a third high school was passed in March 1997, and the new Century High School opened in the Fall of 1999. The Pine Ridge Mall was a regional mall with good anchors and many quality auxiliary retailers and service tenants. There were other, smaller malls and numerous retail/service centers throughout the city.

It was assumed by the appraiser that the user of this appraisal was familiar with the City of Pocatello and Southeastern Idaho and was not in need of detailed information of either the City or the general area.

SALES HISTORY:

There were no known sales nor offers on the subject properties in the past three years.

HIGHEST AND BEST USE:

Highest and best use was defined as "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are Legal Permissibility, Physical Possibility, Financial Feasibility, and Maximum Profitability."

Highest and best use of land or site as though vacant was defined as "The use of a property based on the assumption that a parcel of land is vacant or can be made vacant through demolition of any improvements."

Highest and best use of property as improved is defined as "The use that should be made of a property as it exists."

Highest and best use as though vacant: the subject sites were relatively small and they were zoned WW-Warehouse/Wholesale. They were limited in access and visibility due to the presence of the Benton Street Overpass and the Union Pacific Railroad yards. The soil appeared to be stable and capable of supporting any legal structure. It was best suited for a small warehouse development. Good uses would be as additions to the contiguous or nearby improved commercial and/or warehouse uses.

Highest and best use as improved: the subject parcels were not improved, but were used as defacto parking lots for nearby occupants. The most probable improvement was paving to enhance the use as parking lots.

The users of this type of property were individuals or investor groups, who desired a site for an addition to their existing property.

The demand for this type of facility in this kind of location was, in my opinion, limited due to lack of direct access and visibility.

The supply of like properties in a similar location was limited. However, there were several new commercial sites available for lease or purchase in the near neighborhood. Future demand for parcels similar to the subject in this location would appear to be fair.

In my opinion, the highest and best use for the subject site, as vacant and available to the general market, was as additions to the adjacent owned sites to consolidate ownership and enhance the usefulness.

SUMMARY OF ANALYSIS AND CONCLUSIONS:**Sales Comparison Approach (Vacant Land):**

In order to estimate the most probable value of the subject parcels, it was necessary to find and compare them with recent known sales of similar sites. There have been very few recent sales of WW zoned properties that were directly comparable with the subject. Most of the recent sales were much larger parcels with better location and access than the subject parcels. A very general comparison, with large adjustments for size variation, was instructive and the best available value indicator for the three parcels. The most indicative sales are summarized below.

Vacant Land Sales:

Sale	Date	Location	Zoning	Price	Area	\$/SF
1	2003	Bannock Highway (1200 S Main)	WW	\$96,500	277,042	\$0.35
2	2002	300 W Griffith Rd	WW	\$85,000	100,806	\$0.84
3	2002	412 Taft Avenue	WW	\$10,000	6,098	\$1.64
4	2000	1700 McKinley Avenue	WW	\$25,000	32,670	\$0.77
Unadjusted Indicated Mean Unit Value \$/SF						\$0.90
Standard Deviation Unit Value \$/SF						\$0.54
Unadjusted Indicated Range of Unit Value					\$0.36	\$1.44

The subject Parcels 1 and 2 were 6,300 square feet and Parcel 3 was 4,200 square feet. They were each rectangular, relatively flat and fronted South Harrison Avenue. There was a 20-foot wide alley at the rear of each parcel.

Each of the sales was adjusted for time of sale, location, access, size and zoning. These adjustments were extracted from the market and standard comparability charts.

Time adjustment assumptions:

Pocatello was a relatively small market for greatly diverse commercial property. There were insufficient available data from which to accurately quantify a reliable commercial property value adjustment that was attributable to just the passage of time. Typically, the commercial real estate market lagged behind the residential sales market, for which there was ample overall market data that indicated an average annual increase in value, over the past 25 years, of 3.5% to 4%. It was reasonable to assume that the commercial property sales and resales exhibited a similar trend. I have assumed a 2% annual inflation rate attributable to the passage of time for both vacant land and improved property sales.

SUMMARY OF ANALYSIS AND CONCLUSIONS: (continued)**Sales Comparison Approach (Vacant Land): (continued)****SALES COMPARISON ADJUSTMENT CHART (Vacant/Under-Improved Property):**

No.	Rate	Time	Time	Other Feature Adjustment			Zoning	Total	Final
	Per	Adjust-	Adjusted	Location	Frontage	Size	Other	Adjustmnt	Rate
	SF	ment	Rate	Use	Access				
1	\$0.35	\$0.01	\$0.36	\$0.04	\$-0.04	\$0.75	\$0.00	\$0.75	\$1.11
2	\$0.84	\$0.05	\$0.89	\$0.09	\$0.00	\$0.97	\$0.00	\$1.06	\$1.95
3	\$1.64	\$0.10	\$1.74	\$-0.35	\$-0.17	\$0.09	\$0.00	\$-0.43	\$1.31
4	\$0.77	\$0.08	\$0.84	\$-0.17	\$-0.08	\$0.27	\$0.00	\$0.02	\$0.86
Indicated Mean Unit Value \$/SF									\$1.31
Standard Deviation ±\$/SF									\$0.47
Indicated Range of Unit Value \$/SF							\$0.84	\$1.78	
Most Probable Unit Value									\$1.30
Summary of Land Value:				6,300	SF	\$1.30			\$8,190
ROUNDED TO								\$8,200	

The value estimate above was applicable to both Parcel 1 and Parcel 2. They were each 6,300 square feet and were similarly located.

SUMMARY OF ANALYSIS AND CONCLUSIONS: (continued)**Sales Comparison Approach (Vacant Land): (continued)****SALES COMPARISON ADJUSTMENT CHART (Vacant/Under-Improved Property):**

No.	Rate	Time	Time	Other Feature Adjustment			Zoning	Total	Final
	Per SF	Adjust- ment	Adjusted Rate	Location Use	Frontage Access	Size			
1	\$0.35	\$0.01	\$0.36	\$0.04	\$-0.04	\$0.77	\$0.00	\$0.77	\$1.13
2	\$0.84	\$0.05	\$0.89	\$0.09	\$0.00	\$1.01	\$0.00	\$1.10	\$1.99
3	\$1.64	\$0.10	\$1.74	\$-0.35	\$-0.17	\$0.13	\$0.00	\$-0.39	\$1.35
4	\$0.77	\$0.08	\$0.84	\$-0.17	\$-0.08	\$0.30	\$0.00	\$0.04	\$0.88
Indicated Mean Unit Value \$/SF									\$1.34
Standard Deviation ±\$/SF									\$0.47
Indicated Range of Unit Value \$/SF							\$0.86	\$1.81	
Most Probable Unit Value									\$1.35
Summary of Land Value:				4,200	SF	\$1.35			\$5,670
ROUNDED TO									\$5,700

Parcel 3 was 4,200 square feet and the value indication above was applicable to it.

Value in Exchange:

Parcel 1 and Parcel 2 were each 1 and ½ city lots, 45 feet by 140 feet, or 6,300 square feet. They were located in the same city block, fronted the same city street and were limited in access and visibility by the Benton Street Overpass. A direct swap of one for the other would appear to be an exchange of equal value and utility. **It is my opinion that the most probable value of each of these parcels was \$8,200 and a direct trade of one for the other was equitable.**

Parcel 3 was a single city lot, 30 feet by 140 feet, or 4,200 square feet. It was between Parcel 1 and Parcel 2. A permanent private easement for ingress/egress across Parcel 3 to access either Parcel 1 or Parcel 2 was seen to have some value in the present market. Typically, such easements required monetary compensation in an amount equal to 10% of the most probable value of the parcel affected. I have estimated the value of Parcel 3 to be \$5,700 and the resultant easement value was estimated to be \$570. It was proposed that the easement be granted in exchange for the beneficiary of the easement providing asphalt paving of said parcel and the entirety of Parcel 1. The actual cost of such paving was likely to approach the total value of Parcel 3 and would appear to be more than adequate compensation for the requested private easement. **It is my opinion that the granting of the private easement in exchange for paving of Parcel 1 and Parcel 3 was equitable.**

Paul Smith Agency

SUMMARY OF ANALYSIS AND CONCLUSIONS: (continued)**Cost Approach:**

In the typical appraisal of vacant, unimproved or under improved parcels of land, the Replacement Cost Approach was synonymous with the Sales Comparison Approach. It would be redundant to repeat the process.

The Income Approach:

The Income Approach to Value was considered, but not used. There was scarce available information on leased commercial sites and none that were directly or generally comparable with the subject property. Any analysis would result in value indications that would be meaningless in the appraisal of the subject property.

RECONCILIATION AND VALUE CONCLUSION:

The appraisal process resulted in value indications for the three parcels of land located in Block 437, Pocatello Townsite, Bannock County, Idaho. These were:

Sales Comparison Approach:

<u>Parcel 1:</u>	\$8,200
<u>Parcel 2:</u>	\$8,200
<u>Parcel 3:</u>	\$5,700

In my opinion;

The direct exchange of Parcel 1 for Parcel 2 was considered to be realistic, reasonable and equitable.

The granting of a private ingress/egress easement across Parcel 3, in exchange for asphalt paving applied to Parcel 1 and Parcel 3, was realistic, reasonable and equitable.

These opinions were based upon information gathered and analyzed as of January 20, 2005.



Paul R. Smith
State Certification No.: CGA- 110

Paul Smith Agency

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

STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION CONTINGENT AND LIMITING CONDITIONS: (continued)

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 of 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

**STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION CONTINGENT AND
LIMITING CONDITIONS: (continued)**

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.

10. I certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute and the National Association of Independent Fee Appraisers (NAIFA)


11. I certify that the use of this report is subject to the requirements of the Appraisal Institute and NAIFA relating to review by its duly authorized representatives

12. I certify that, as of the date of this report, I have completed the requirements of the continuing education program required by the State of Idaho, Idaho State Certified Real Estate Appraiser Board, the Appraisal Institute, and NAIFA

ADDRESS OF PROPERTY APPRAISED:

505 South Harrison Avenue, Pocatello, Idaho 83204

APPRAISER:

Signature: 

Name: Paul R. Smith

Date Signed: January 21, 2005

State Certification #: CGA-110

State: Idaho

Expiration Date of Certification or License: 04/22/2005

QUALIFICATIONS OF PAUL R. SMITH, APPRAISER
Idaho Certified General Real Estate Appraiser

EXPERIENCE:

42 Years - Fee and Staff Appraiser (Residential, Apartment,
Agricultural, Industrial and Commercial properties in Southern Idaho)
11 Years - Mortgage Banker, Residential Builder and Developer
27 Years - Independent Insurance Agent

PAST EMPLOYMENT:

3 Years - U S Army Corps of Engineers, Topographic Surveyor
11 Years - Mortgage-Insurance Corporation, Pocatello, Idaho
17 Years - Self-employed Real Estate Appraiser, Real Estate Broker
and Independent Insurance Agent, Pocatello, Idaho
14 Years - Self-employed Real Estate Appraiser

EDUCATION:

Pocatello High School
University of Notre Dame - I.S.U., Assoc. Degree, Civil Engr.
Idaho State University, BBA in Business Engineering
Idaho State University, Master Business Administration

Appraisal Courses and Examinations sponsored by:

American Institute of Real Estate Appraisers: Courses taken between 1965 and 1974	
Appraisal I - Basic Real Estate Appraisal; Appraisal II - Urban Properties;	
Appraisal III - Rural Properties; Appraisal VI - Investment Analysis;	
Appraisal VII - Industrial properties; Appraisal VIII - Residential Properties	
National Association of Independent Fee Appraisers - FNMA Property & Appraisal - Sep 2003	8 Hrs
National Association of Independent Fee Appraisers - Scope of Work - Sep 2003	8 Hrs
National Association of Independent Fee Appraisers - Litigation Valuation - Nov 1998	15 Hrs
National Association of Independent Fee Appraisers - Fair Lending Requirements - Jan 2004	4 Hrs
National Association of Independent Fee Appraisers - Fraud, Flip and the FBI - Jan 2004	4 Hrs
National Association of Independent Fee Appraisers - National USPAP Update - Jan 2004	7 Hrs
a la mode, inc - Technology and the Modern Appraiser - Aug 1999	15 Hrs
a la mode, inc - Efficiency and Automation Through Technology - Oct 1998	15 Hrs
The Chicopee Group - Small Residential Income Properties - May 2000	16 Hrs
The Chicopee Group - Highest and Best Use Analysis I, Older Properties - Feb 2000	16 Hrs
The Chicopee Group - New Appraisal Era - Feb 2000	8 Hrs
The Chicopee Group - Professional & Technical Compliance with USPAP I & II - Jul 1998	15 Hrs
The Idaho Transportation Department - Proximity Damage Valuation Model - Jul 2003	8 Hrs
Valuation Information Technology - Perspectives on 2-4 Unit Appraisals - Apr 1996	8 Hrs
Valuation Information Technology - 1996 USPAP Update - Feb 1996	8 Hrs
Appraisal Institute - Residential Sales Comparison Approach - Sep 2003	7 Hrs
Appraisal Institute - Rates & Ratios: Making Sense of GIMs, OARs, and DCF - Sep 2003	7 Hrs
Appraisal Institute - USPAP - May 2001	16 Hrs
Appraisal Institute - FHA and the Appraisal Process - July 1999	7 Hrs
Appraisal Institute - Highest & Best Use/Market Analysis - Nov 1994	40 Hrs
Appraisal Institute - Standards of Professional Practice - Aug 1994	27 Hrs
Appraisal Institute - New Urban Seminar - Jul 1993	7 Hrs
Appraisal Institute - Basic Income Capitalization - May 1993	39 Hrs
Appraisal Institute - Appraisal Procedures - Feb 1993	39 Hrs
Appraisal Institute - Appraisal Review - Aug 1992	7 Hrs
FIRREA - Overview and Practical Application - Apr 1993	7 Hrs

LICENSES: Idaho Certified General Appraiser #110, Expires 04/22/2005

QUALIFICATIONS OF PAUL R. SMITH, APPRAISER (continued)

MEMBERSHIPS:

Greater Pocatello Association of Realtors - Past Director
 National Association of Realtors - Appraisal Section
 Southern Idaho Chapter - Appraisal Institute - State Certified Associate Member
 Idaho Chapter - National Association of Independent Fee Appraisers - Candidate Member
 Greater Pocatello Chamber of Commerce-Past Treasurer, Director
 -Industrial Development Committee
 -Fly Pocatello Air Show - Co-chairman
 Idaho State University
 -U.S. Presidential Award Winner
 -Greater Pocatello Chamber of Commerce/College of Technology - Past Chairman
 General Program Advisory Committee
 Idaho State Council on Vocational Education-Member 1987-1991
 I S U -Bengal Foundation - Past President & Director
 Rotary Club of Pocatello - Director 1989-1994, President 1992-93
 - District 5400 Youth Exchange Committee, Chairman 1994-98

CLIENTS SERVED:

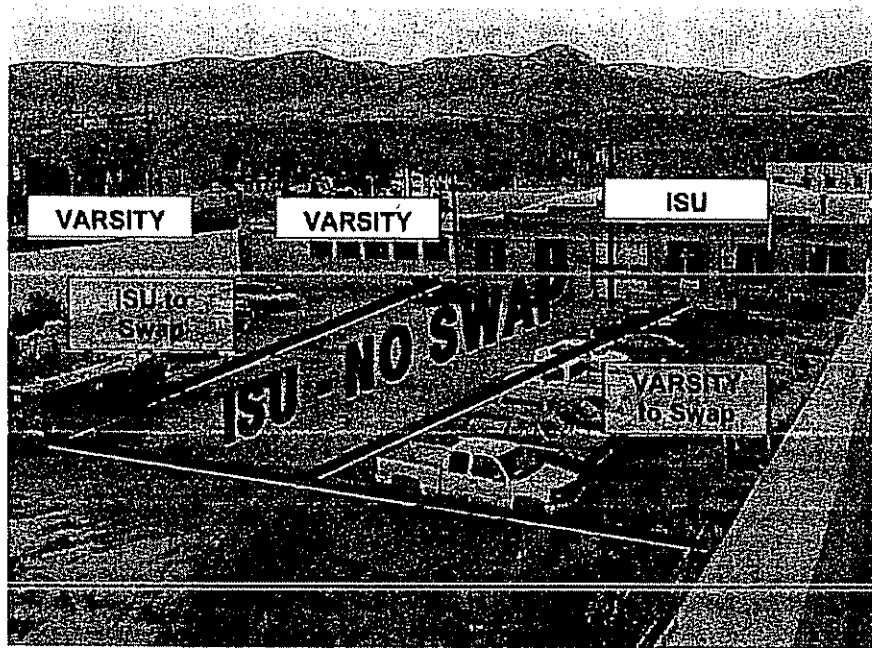
Bank of Idaho	State of Idaho
Citizens Community Bank	Bannock County
Conseco Bank	City of Pocatello
Ireland Bank	City of Chubbuck
Key Bank (Idaho Bank & Trust Co)	City of American Falls
Riverview Community Bank	Pocatello Neighborhood Housing Services
Washington Federal Savings & Loan Association	Idaho Housing & Finance
Wells Fargo Home Mortgage	Eastern Idaho Development Corp
Department of HUD/FHA	Portneuf Greenway Foundation
Veterans Administration	Pocatello School District #25
Fee Appraiser & Inspector	Idaho State University
Beacon Hill Mortgage	Alliance Insurance Co
Chase Manhattan Mortgage	Beneficial Life Insurance
Countrywide Home Loans	Farm Bureau Insurance
Federal National Mortgage Association	Farmers Insurance Co
First Financial Corporation	Intermountain Claims
First Horizon Home Loan Corporation	New York Life Insurance
Greatstone Mortgage	Safeguard Properties
New World Mortgage	State Farm Insurance Co
Norwest Mortgage	Uniguard Insurance
PHH Mortgage Services Corporation	Associates Relocation Management Co
Priority Mortgage Corporation	Cendant Mobility - STARS
Idaho Central Credit Union	Coldwell Banker Relocation
Idaho State University Federal Credit Union	Merrill Lynch Relocation
Potelco Credit Union	The Relocation Center
Union Pacific Railroad Employee Federal Credit Union	Valuation Administrators
Harborside Financial Network	American Legion
	Astaris (FMC Corporation)
	Intermountain Gas Company

COURT TESTIMONY: Sixth District Court, Bannock County, Idaho - United States Bankruptcy Court

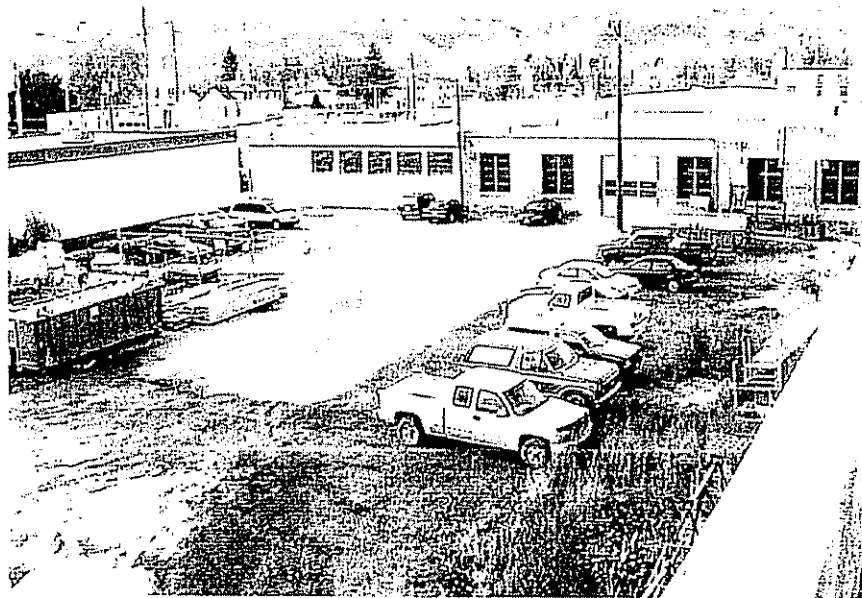
PLAT MAP



PHOTOGRAPHIC EXHIBITS

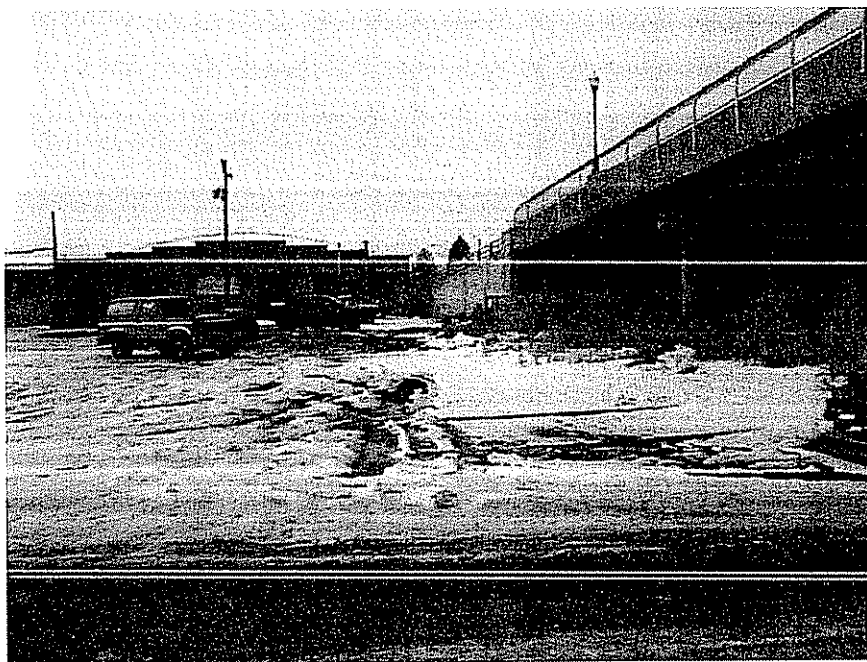


Subject - Annotated View



Subject - Overhead View from Benton Street Overpass

PHOTOGRAPHIC EXHIBITS

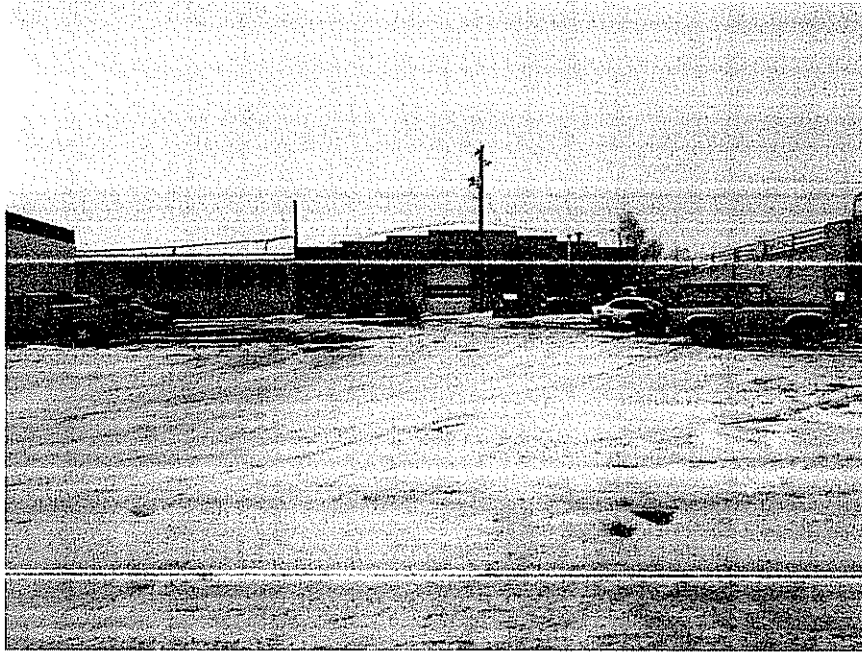


Subject - Parcel 1, Lot 1 and N ½ Lot 2

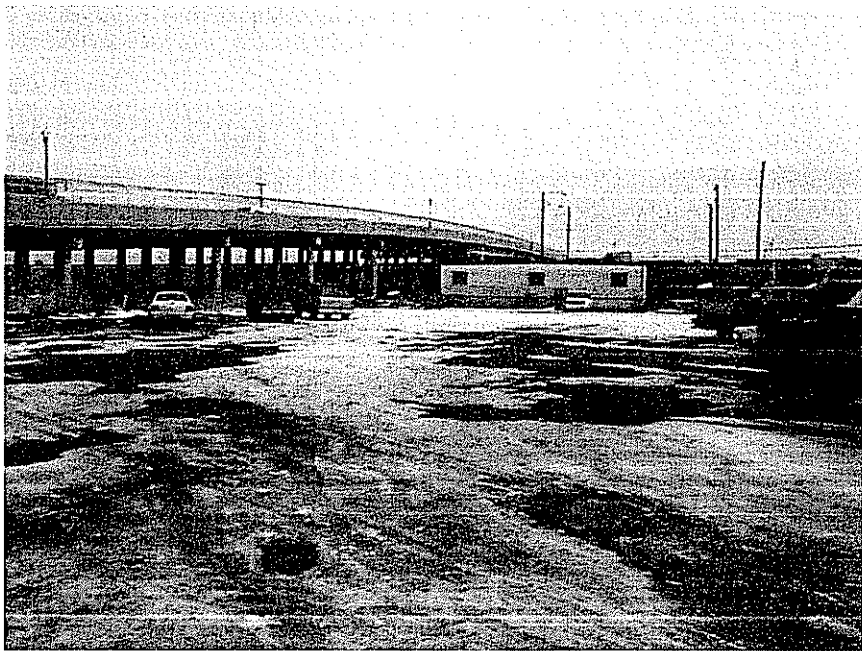


Subject - Parcel 2, Lot 4 and N ½ Lot 5

PHOTOGRAPHIC EXHIBITS

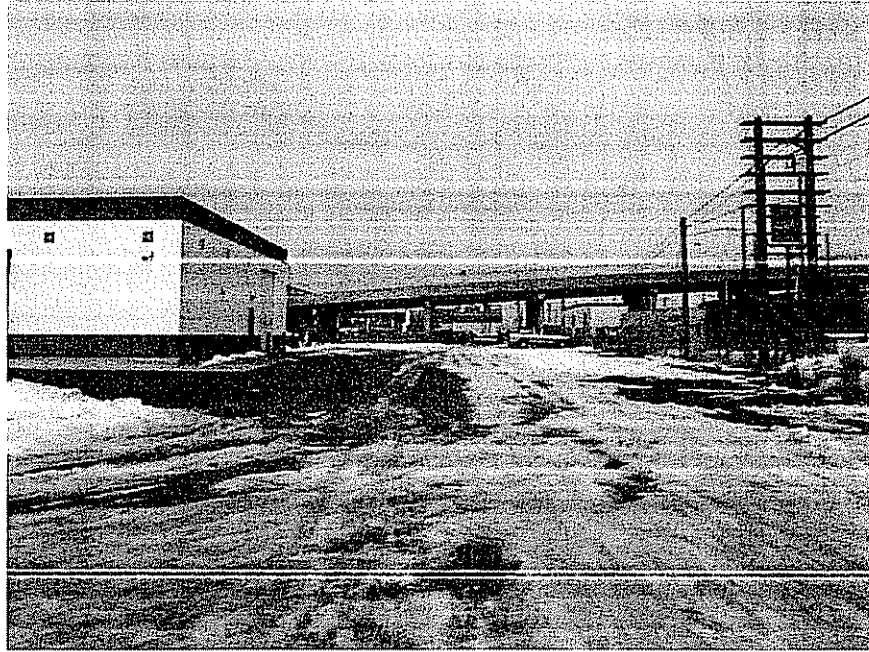


Subject - Parcel 3, Lot 3



Subject - Three Parcels from Alley

PHOTOGRAPHIC EXHIBITS

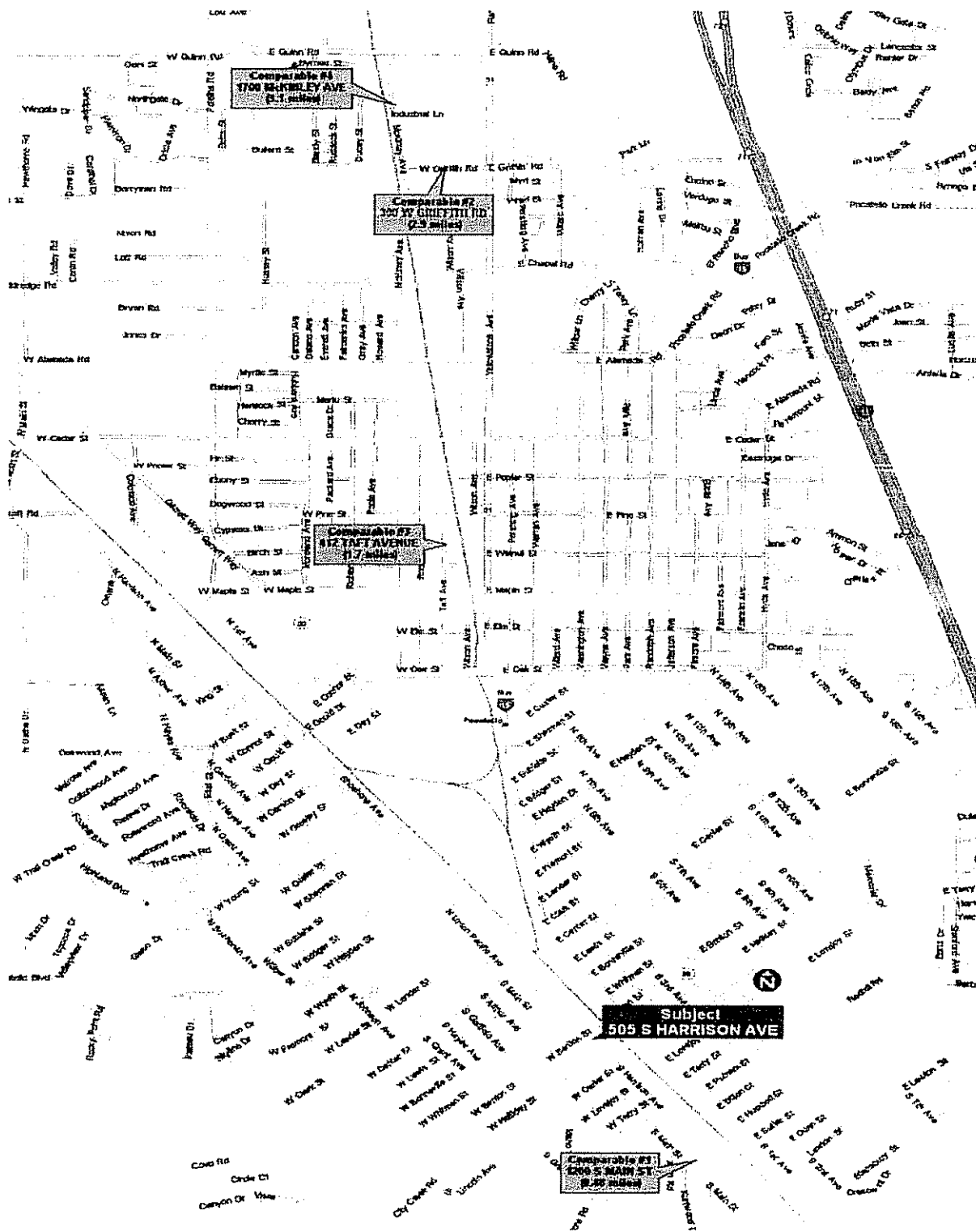


Subject - Street View, looking NW along Harrison Ave.

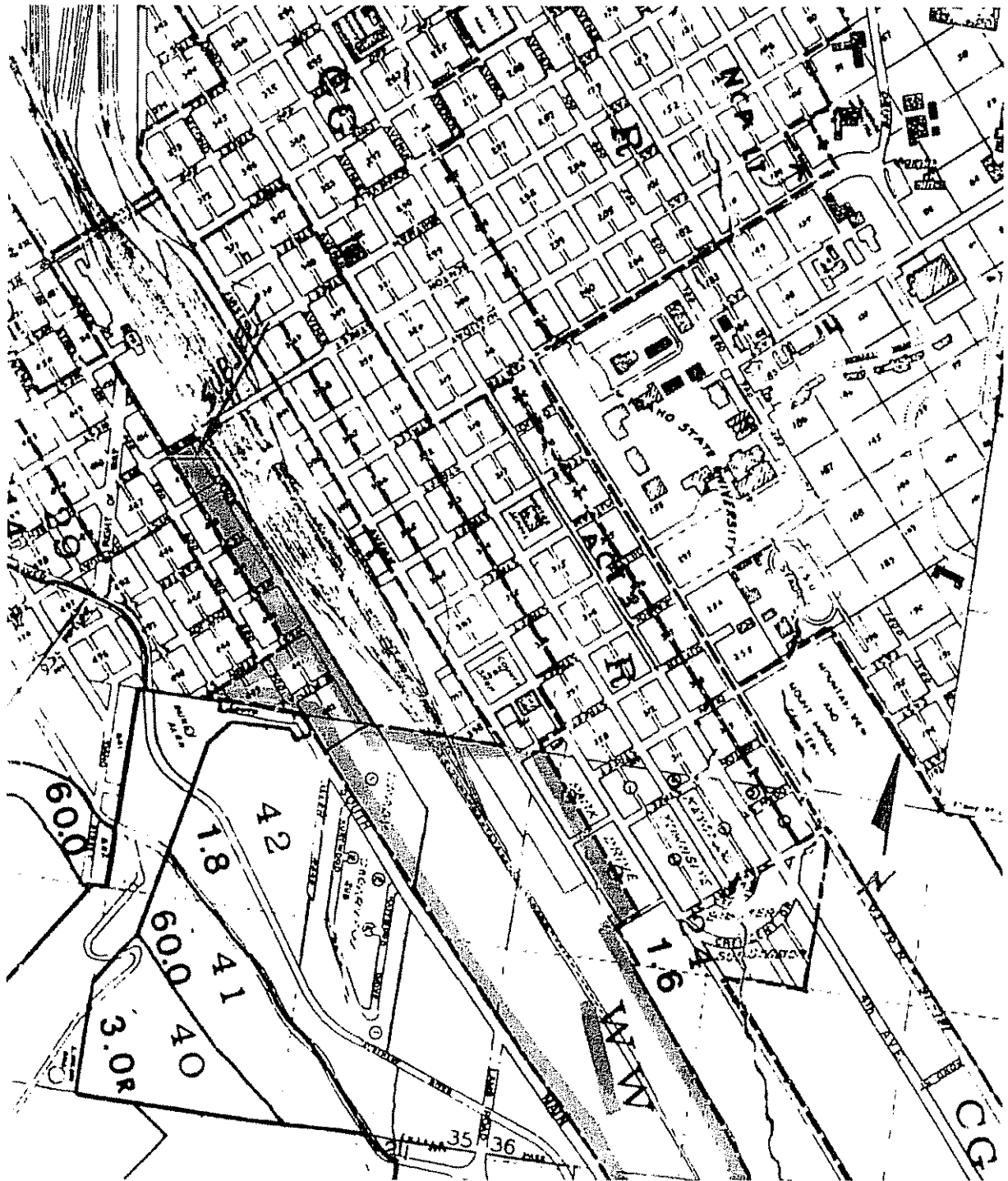


Subject - Street View looking SE along Harrison Ave.

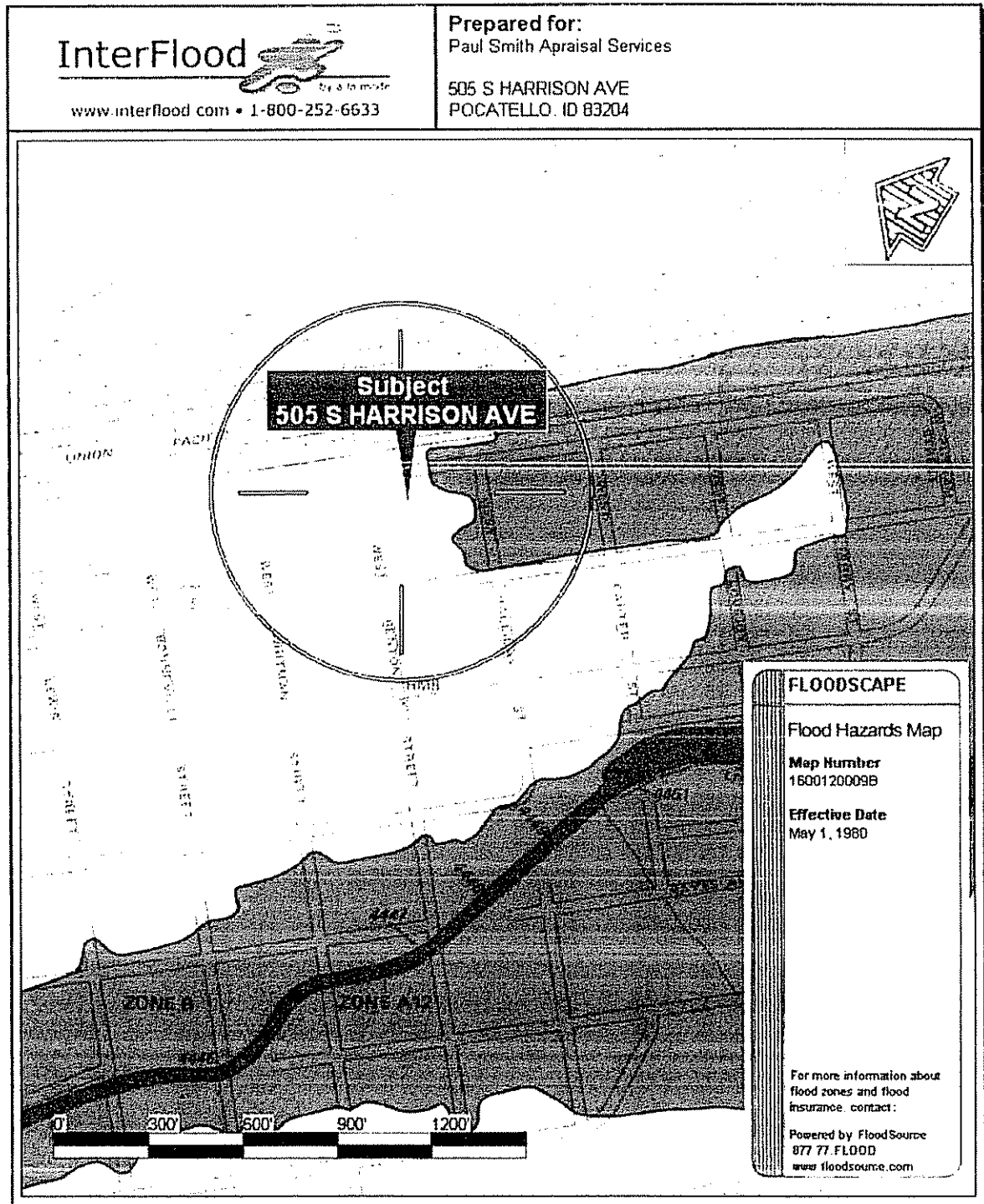
COMPARABLE LAND SALES MAP



ZONING MAP



FLOOD MAP



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REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: I. Real and Personal Property and Services

April 2002

I. Real and Personal Property and Services

1. Authority

- a. The Board may acquire, hold, and dispose of real and personal property pursuant to Article IX, Section 2 and Article IX, Section 10, Idaho Constitution, pursuant to various sections of Idaho Code.
- b. Leases of office space or classroom space by any institution, school or agency except the University of Idaho are acquired by and through the Department of Administration pursuant to Section 67-5708, Idaho Code.
- c. All property that is not real property must be purchased consistent with Sections 67-5715 through 67-5737, Idaho Code, except that the University of Idaho may acquire such property directly and not through the Department of Administration. Each institution, school and agency must designate an officer with overall responsibility for all purchasing procedures.
- d. Sale, surplus disposal, trade-in, or exchange of property must be consistent with Section 67-5722, Idaho Code, except that the University of Idaho may dispose of such property directly and not through the Department of Administration.
- e. If the executive director finds or is informed that an emergency exists, he or she may consider and approve a purchase or disposal of equipment or services otherwise requiring prior Board approval. The institution, school or agency must report the transaction in the Business Affairs and Human Resources agenda at the next regular Board meeting together with a justification for the emergency action.

2. Acquisition of Real Property

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

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

- 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.

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY

SUBJECT

Idaho State University requests approval to develop a Request for Proposal for the design and construction of an Aquatic Center in Reed Gym.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies and Procedures, Sections V.B.8.-9. and V.K.

Sections 67-5710, 67-5710-A, 67-5711C, & 33-3805A, Idaho Code

BACKGROUND

The Reed Gym Addition was conceived of as a means of addressing deficiencies in existing recreational facilities. Necessary upgrades identified by student patrons and recreation staff focused primarily on improving the small swimming facility, which is more than 50 years old. Additional improvements addressing overcrowding, lighting and ventilation problems in the weight room and cardio-fitness facilities had also been requested by users. The facility enhancement program was endorsed by the Campus Recreation Advisory Board and the student senate of ASISU. A senate resolution recommending a general activity fee increase supported the financial commitment to the project.

At more than 50 years old, the existing swimming pool has exceeded the average life span for indoor aquatic facilities and is mechanically outdated. The current pool is 25 yards in length and consists of 6 lanes. The current indoor jogging track is located around the indoor tennis facility, causing a reduction in the size of the courts. The current weight and fitness areas are located in the basement of Reed Gym. The current space is overcrowded.

DISCUSSION

A 24,000 square foot addition to hold the new Aquatic Center will be added to the east side of the existing Reed Gymnasium (which contains an existing swimming pool) that was constructed in 1950. Reed Gymnasium is in good structural condition and is expected to continue serving the University for another fifty years. The new addition will be attached to Reed Gym via a walkway allowing for usage of existing locker rooms.

The total project will include a new 50 meter, 8-lane swimming pool, diving well, indoor jogging track and a weight/fitness area. The new pool would allow for at least two bodies of water (lap and recreational swimming) so that simultaneous activities could occur, thus expanding user hours and flexibility. The new pool would have two different water temperatures. A warmer pool is preferred by aquatic classes, learn to swim programs, Physical Education classes, and adaptive programs, while lap and competitive swimmers prefer cooler water. The

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY - continued

diving well will have one and three meter boards and will allow the Physical Education department to offer diving classes. The swimming pool will meet the intercollegiate athletic association requirements for a swimming and diving team. The new pool will generate revenue by leasing the facility to the high schools and hosting swimming and diving tournaments.

The new indoor jogging track would be placed above the pool on the second floor, with an open glass area overlooking the pool. The new track would help meet the demand and attract more students who want increased physical activity.

The new weight and fitness center will accommodate three times the current participants. In addition, the new weight room will be designed to meet new equipment designs, lighting and aesthetics.

The new addition's exterior will be brick faced to match the existing building and will use glass where practical to add natural lighting. The Energy Division of the Department of Water Resources is working with Idaho State University to insure the addition to Reed Gymnasium meets and exceeds current energy codes.

The age of the current facility and increased demand by the students is driving this project. The estimated construction cost of the project is \$5,525,000, with a total project cost of \$6,500,000. The students approved a \$27.00 student fee increase for this project, which will generate in excess of \$500,000.00 per year to meet revenue bond requirements. It is also anticipated that a student fee increase will fund operating costs for the new facility, as has been the case with other fee-funded projects, such as the Bennion Student Union in Idaho Falls and the most recent Reed Gym expansion in 1997.

IMPACT

The aquatic center was requested by the students and will allow expanded hours and alleviate the overcrowding of existing facilities. It will help meet the needs of the Physical Therapy department, intramural programs, and the ISU Sports Clubs.

STAFF COMMENTS AND RECOMMENDATIONS

With Board permission, the Division of Public Works will issue the RFP in conjunction with ISU. At a subsequent Board meeting the university will seek permission from the Board to proceed with construction.

Staff has reviewed the project and recommends approval.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY - continued

BOARD ACTION

A motion to allow Idaho State University, in conjunction with the state Division of Public Works, to develop and issue a Request for Proposal for the design and construction of an Aquatic Center adjacent to Reed Gym.

Moved by_____ Seconded by_____ Carried Yes____ No____

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Office of the Idaho State Board of Education
Capital Project Tracking Sheet
As of April 21, 2005

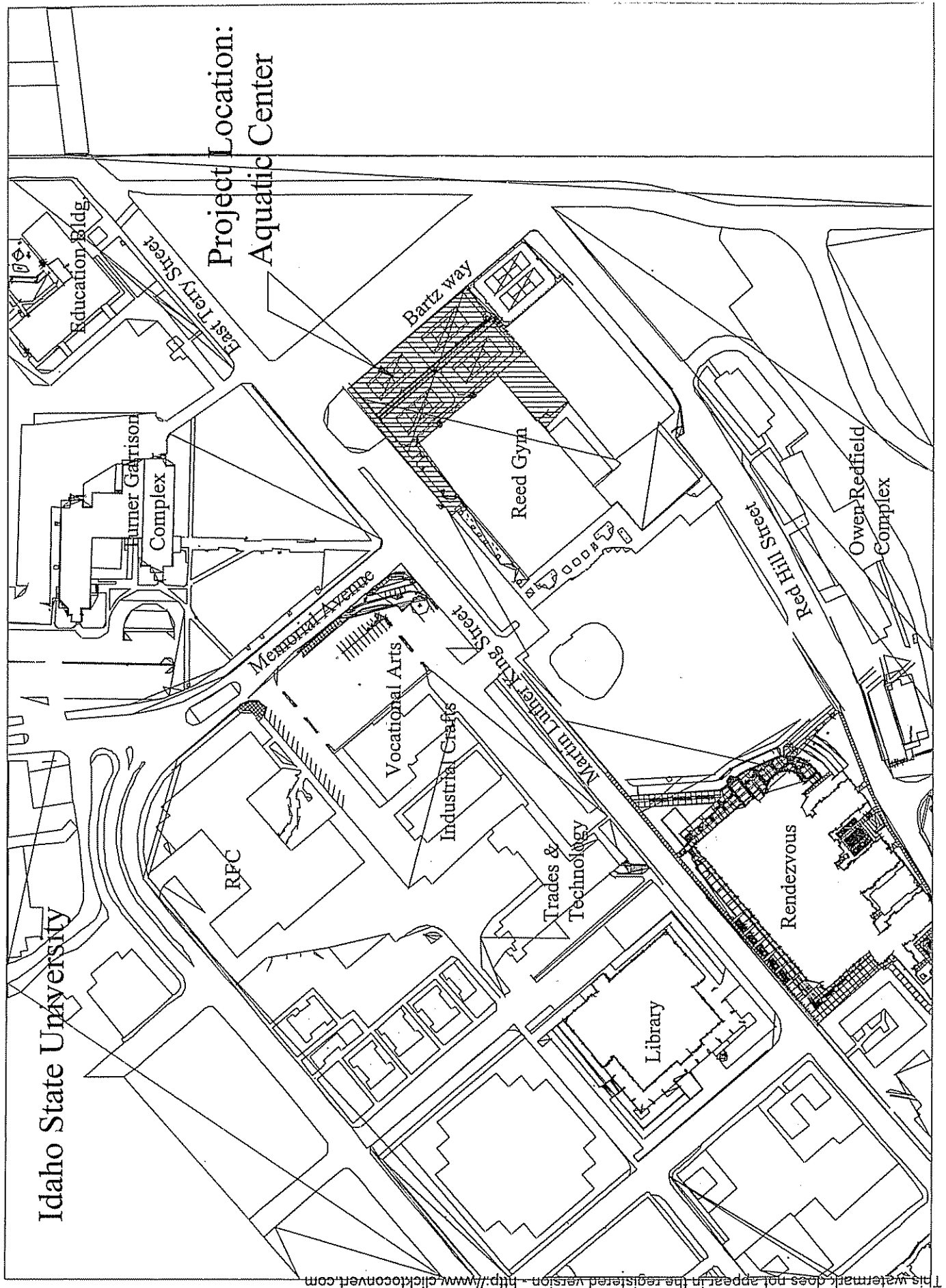
History Narrative

1 **Institution/Agency:** Idaho State University **Project:** Aquatic Center Addition to Reed Gym
2 **Project Description:** Addition of a new 50 meter, 8-lane swimming pool, diving well, indoor jogging track and weight/fitness area
3 **Project Use:** Physical Education classes, student recreational and intramural activities
4 **Project Size:** The project is a 24,000 square foot addition to Reed Gym

	Sources of Funds				Use of Funds			
	PBF	ISBA	Other *	Total Sources	Planning	Use of Funds Const	Other	Total Uses
Initial Cost of Project	\$ -	\$ -	\$ 6,500,000	\$ 6,500,000	\$ 469,775	\$ 5,965,225	\$ 65,000	\$ 6,500,000
History of Revisions:								
Total Project Costs	\$ -	\$ -	\$ 6,500,000	\$ 6,500,000	\$ 469,775	\$ 5,965,225	\$ 65,000	\$ 6,500,000

History of Funding:	* Other Sources of Funds						
	PBF	ISBA	Institutional Funds	Student Revenue	Other	Total Other	Total Funding
Jan-05	\$ -	\$ -	\$ -	\$ 6,500,000		\$ 6,500,000	\$ 6,500,000
Total	\$ -	\$ -	\$ -	\$ 6,500,000	\$ -	\$ 6,500,000	\$ 6,500,000

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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.

9. Approval by the Board

Requests for approval of major capital improvement projects must be submitted for Board action. Major capital improvement projects, which are approved by the Board and for which funds from the Permanent Building Fund are requested, are placed in priority order prior to the submission of major capital budget requests to the Division of Public Works.

REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY - continued

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: K. Construction 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

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

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
APRIL 21-22, 2005

REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY - continued

Idaho Statutes

TITLE 67 - STATE GOVERNMENT AND STATE AFFAIRS

CHAPTER 57 - DEPARTMENT OF ADMINISTRATION

67-5710. PERMANENT BUILDING FUND ADVISORY COUNCIL -- APPROVAL OF USE OF FUND -- DUTIES OF ADMINISTRATOR OF PUBLIC WORKS.

There is hereby created in the division of public works a permanent building fund advisory council which shall be appointed by the governor. This council shall be composed of one (1) member of the senate, one (1) member of the house of representatives, a citizen engaged in the contracting business, a citizen engaged in the banking business, and a citizen who is a member of the business community not engaged in contracting or banking. The senate member and house of representative member shall be appointed for a fixed term of two (2) years. All other council members shall be appointed for a fixed term of three (3) years. The terms of office of members of the council holding office prior to July 1, 1996, shall expire on the following dates: contracting business member on July 1, 1996; senate member and house of representative member on December 1, 1996; business community member on July 1, 1997; and banking member on July 1, 1998. On or after July 1, 1996, the governor shall appoint members of the council as terms of existing members expire. All members of the council shall serve at the pleasure of the governor. The administrator of public works and the responsible heads of the agencies for which appropriations for construction, renovations, remodelings or repairs are made pursuant to chapter 11, title 57, Idaho Code, shall consult, confer and advise with the permanent building fund advisory council in connection with all decisions concerning the administration of these appropriations and the planning and construction or execution of work or works pursuant thereto. The approval of the permanent building fund advisory council shall be a condition precedent to the undertaking of planning or construction.

The administrator of public works is hereby directed to work in close cooperation with the responsible heads of institutions and agencies for which appropriations are made herein and no building proposals shall be approved by the administrator of public works nor any planning or work undertaken by that officer pursuant to these appropriations without the prior approval of the responsible chief officer of the institutions and agencies for whom appropriations are made herein.

67-5710A. REQUIREMENT OF PLANS AND SPECIFICATION APPROVAL BY PERMANENT BUILDING FUND ADVISORY COUNCIL AND DELEGATION OF PROJECT OVERSIGHT BY THE ADMINISTRATOR FOR THE DIVISION OF PUBLIC WORKS.

(1) (a) Unless an emergency exists as defined in section 67-5711B, Idaho Code, an existing public works may not be altered, repaired, constructed or improved on property owned or occupied by any state institution, department, commission, board or agency, if the estimated cost of work exceeds the limit

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

established in section 67-5711, Idaho Code, and except for those institutions and agency exemptions listed in section 67-5711, Idaho Code, without regard to source of funding, until the location, design, plans and specifications are approved by the permanent building fund advisory council and the project supervised by the division of public works or its designee.

(b) Facilities to be built with funds under the control of a nonstate entity, and owned or occupied by state entities, must have plans and specifications prepared, and all plans and specifications must be reviewed and approved by the permanent building fund advisory council prior to the advertising, bidding, construction and/or negotiation for construction of the facilities.

(2) (a) The administrator for the division of public works may delegate control over design, construction and all other aspects of a public works or maintenance project which costs less than one hundred fifty thousand dollars (\$150,000), to agencies of state government on a project-by-project basis, if a responsible party of the state agency requests that delegation in writing and the permanent building fund advisory council approves the delegation.

(i) The state agency to whom control is delegated shall assume all responsibility for project budgets and shall receive funds appropriated for the project upon application and approval by the permanent building fund advisory council.

(ii) Delegation of project control does not exempt the state agency from complying with public works statutes, life safety and building codes or other applicable codes and regulations. The state agency also must comply with any guidelines or procedures for design and construction adopted by the division of public works and the permanent building fund advisory council.

(iii) State agencies that receive delegated projects may not have access to permanent building fund advisory council contingency funds unless approved by the permanent building fund advisory council or authorized by appropriation.

(iv) Prior, written approval from the administrator must be granted for any public works utilizing sole source or limited competition. No agency will be delegated the ability to declare an emergency as defined in section 67-5711B, Idaho Code.

(v) The permanent building fund advisory council may elect to audit any project for compliance with applicable codes and policies.

(vi) The delegated state agency will use standard documents for professional services contracts and for construction contracts as adopted by the division of public works.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

(vii) Delegation is subject to cancellation by the administrator for the division of public works with the concurrence of the permanent building fund advisory council.

67-5711C. CONSTRUCTION OF PUBLIC PROJECTS -- COMPETITIVE SEALED BIDDING.

(1) All construction contracts for public works shall be awarded to the lowest responsible and responsive bidder after receipt of competitive sealed bidding except as otherwise provided in sections 67-5711B, 67-5711D and 67-5713, Idaho Code.

(2) An invitation for bids shall be issued and shall include a project description and all contractual terms and conditions applicable to the public works.

(3) Adequate public notice of the invitation for bids shall be given at least fourteen (14) days prior to the date set forth therein for the opening of bids. Such notice shall include publication at least fourteen (14) days prior to bid opening in a newspaper of general circulation in the area where the work is located.

(4) Bids shall be opened publicly at the time and place designated in the invitation for bids. The amount of each bid and such other relevant information as may be specified by rules, together with the name of each bidder, shall be entered on a record and the record shall be open to public inspection. After the time of the award all bids and bid documents shall be open to public inspection in accordance with the provisions of sections 9-337 through 9-347 and 67-5725, Idaho Code.

(5) With respect to a project having a written cost estimate of greater than two thousand five hundred dollars (\$2,500) but less than the public works limit established in section 67-5711, Idaho Code, the agency, if it does not perform the work with existing physical plant staff, must award a written contract to the lowest responsible and responsive bidder after soliciting at least three (3) documented informal bids from contractors licensed in Idaho to perform public works contracts, if reasonably available. Adequate public notice of the invitation for informal bids shall be given at least seven (7) days prior to the date set forth therein for the receipt of the informal bids. Such notice may include publication at least seven (7) days prior to bid opening in a newspaper of general circulation in the area where the work is located; or the agency may advertise the invitation for bids in appropriate trade journals, and otherwise notify persons believed to be interested in the award of a contract. Informal bids must be submitted by the contractor in writing in response to a prepared written document describing the project's scope of work in sufficient detail so as to enable a contractor familiar with such work to prepare a responsible bid. Nothing herein exempts an agency from the responsibility of utilizing formal plans and specifications if the work involves the public health or safety as described in chapters 3 and 12, title 54, Idaho Code. The agency must document receipt of the informal bids in the project file.

(6) Any personal property including goods, parts, supplies and equipment which is to be supplied or provided by a state agency for use in any public work, project, or preventive maintenance programs, whether the public work, project, or preventive maintenance program is constructed, undertaken or

BUSINESS AFFAIRS AND HUMAN RESOURCES
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performed by agency in-house personnel, or by delegation pursuant to section 67-5710A, Idaho Code, or otherwise provided or supplied by the agency to a contractor, the personal property, goods, parts, supplies or equipment supplied or provided by the agency must be purchased or procured by the agency through the division of purchasing in accordance with the Idaho Code.

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

33-3805A. PROCEDURE PRIOR TO AUTHORIZATION. Notwithstanding any other provisions of this chapter, the board shall not enter into lease-purchase agreements for, acquire, build or take possession of any building or facility which requires state general account appropriated funds for construction, operation or maintenance unless prior approval by the legislature has been given by concurrent resolution authorizing the board to proceed with the project or projects.

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INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY

SUBJECT

Idaho State University Programs in Boise

REFERENCE

January 27, 2004

An information item concerning Idaho State University programs in Boise was presented to the State Board of Education by Dr. Richard Bowen.

APPLICABLE STATUTE, RULE, OR POLICY

N/A

BACKGROUND

As requested by the Board, this is an update to Dr. Bowen's presentation to the Board on January 27, 2004, including current and future space requirements.

DISCUSSION

History in Boise:

Since 1970, ISU has been offering clinical rotation for fourth year pharmacy students in the Treasure Valley. During the early 1980's with State Board of Education's approval, ISU also began to offer graduate programs in nursing, counseling, physical education/athletic administration, and geology. The geology program is a three-institution partnership involving Boise State University, Idaho State University, and the University of Idaho. In the late 1980's, the Kasiska College of Health Professions initiated a Master of Science in Speech Language Pathology for delivery in Boise, and in the 1990's we added masters degree programs in public health and health education. In the late 1990's as demand for speech language pathology professionals increased, an undergraduate program also was approved by the State Board of Education for offering in Boise. Most recently, the Board approved an advanced certificate/Associate of Science degree in Paramedic Medicine, a "Fast Track" Bachelor of Science in Nursing program, a Bachelor of Science in Educational Interpreting, both Bachelors and Masters degrees in Clinical Laboratory Science, and the Dietetic Internship program, all to be delivered at the ISU Boise Center. Finally, the Board recently approved a Doctorate in Audiology, which will be offered in both the Treasure Valley and southeastern Idaho.

The ISU programs in Boise that require some general education or prerequisite course work are offered in collaboration with Boise State University. ISU has also signed agreements with Albertson College to facilitate entry of graduates into health related programs.

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY - continued

CURRENT BOISE PROGRAMS

Undergraduate Programs

1. An **Advanced Certificate/Associate of Science for Paramedics** is a program that was transferred from Boise State at BSU's request and is now offered by ISU both in Boise and in Pocatello. Six students entered the program in the fall of 2002, enrollment in fall 2004 was 18, which represents an increase of 78%.
2. **Bachelor of Science in Speech Language Pathology.** This program admitted 19 students in the fall of 2002 and 21 students in fall 2004, for a 9.5% increase.
3. **Bachelor of Science - Clinical Laboratory Science** has a total of 12 seats available each year. Twenty-six students are currently enrolled. This program has a joint degree option for Boise State University students. One hundred percent of graduates have passed the board exams and one hundred percent are employed.
4. Fast track **Bachelor of Science in Nursing** program is unique to the state and a national trendsetter. Ten students were admitted in the spring of 2002 and 20 were admitted in the spring of 2003 and spring 2004. In spring 2005, 22 students were admitted.

Graduate Programs

1. The six-year **Doctor of Pharmacy** program requires four years of professional training after completion of two years of pre-pharmacy work. The program admits 55 students each year. All third-year and fourth-year pharmacy students spend a full year on clinical rotations, with about half of the students completing the clinical experiences in the Treasure Valley. In spring 2005, there are 77 PharmD students in Boise. All didactic courses are delivered to both Pocatello and Boise via distance education, with both Boise-based and Pocatello-based faculty delivering the courses. Ten of the 35 College of Pharmacy faculty are located in the Treasure Valley.
2. The **Master of Counseling in Mental Health** has been offered in Boise since 1980. The degree is unique in Idaho. In Fall 2003, the department initiated yearly admission versus one admission every three years. Eleven students were admitted in fall 2003 and 16 were admitted fall 2004, representing a 31% increase.
3. The **Master of Science in Nursing.** This program has emphases in education leadership and family nurse practitioner, and has been offered in the Treasure Valley since 1983. Currently, the program enrolls 20 students.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY - continued

4. The **Master of Physical Education in Athletic Administration** is also unique. ISU's graduate degree is offered in cooperation with BSU. As of January 2005, there were 18 students enrolled in this program, which represents a 22% increase over spring 2002.
5. The **Dietetic Internship** program is designed for students who have completed an undergraduate program in dietetics. It is a supervised internship program with experience in clinical, community, and administrative dietetics, which leads to a certificate of completion. The dietetic internship is a small program with 4 seats available each semester for a total of 8 students per year.
6. The **Master of Science in Clinical Laboratory Science** is the only one in the state. The development of this degree employed a significant partnership between ISU and BSU so that students graduating from BSU could articulate early into this masters degree. As of spring 2005 there were 15 students in the BS program and 6 in the MS program, which represents a 20% and 33% increase over spring 2004.
7. The **Master of Science in Speech Language Pathology** also is unique to the state. Spring 2005 enrollment in the program is 38, which represents a 39% increase over spring 2004.
8. Also unique to the state, ISU's **Master of Public Health (MPH)** was approved by the State Board of Education more than a decade ago.

Additions

1. **Idaho Advanced General Dentistry** is unique to Idaho. The first General Dentistry Residency program was initiated on the main campus a decade ago. Recently, the Department of Dental Science was awarded a three year federal grant to expand the program to southwest Idaho. As a consequence of this grant the number of dental resident trainee positions will double (from 4 to 8). A site director, support staff and four (4) general dentist residents will be in place by July 2005.
2. **Doctor of Audiology** - Beginning July 1, 2005 the ISU-Boise Center will have 1 FTE that will be involved with the development of a professional doctoral program in Audiology.
3. **Health Care Administration** - The department of Health Care Administration plans to assign 1 FTE faculty located at the ISU-Boise Center. This position, in concert with the faculty in the MPH program, will develop innovative joint course/degree offerings in the companion disciplines of public health and health care administration.

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY - continued

4. **Master, Dental Hygiene** - Recently the SBOE approved ISU's request to establish a master degree in dental hygiene. This new degree is not only unique to Idaho but is the only such degree in the western United States. This degree will be available to licensed dental hygienists statewide using an online format. It is estimated that 8-10 students will be enrolled in the program by fall 2005.
5. **Research** - As of January '05 the ISU-Boise Center has been awarded multiple federal grants and contracts. The total amount of grants and contracts exceeds \$12 million and impacts more than thirty faculty and staff at the ISU-Boise Center. Many of the research opportunities impact patient care, outreach efforts, educational training (e.g., HIV for health professionals, traumatic brain injury, and homeland security) and geoscience research. Presently, the ISU-Boise Center continues to build additional cooperative research programs with clinics, hospitals, and the public health care sector in clinical research, applied research, and basic life science areas.

Future Plans and Offerings

1. Examples of program expansion over the next several years include: clinical psychology; (pre-doctoral internships); PhD in Counseling; Doctor of Physical Therapy degree completion; expansion of the PharmD program (1st and 2nd professional year); increase presence of the Masters and PhD in Pharmaceutical Sciences; expansion of Clinical Laboratory Science; Master of Dental Hygiene; access to three (3) MSN options; increase in the PharmD Residency program; and expansion for the "fast track" BSN program.
2. The University will be taking steps to initiate an Associate of Science in Sign Language Studies and a Bachelors of Science in Educational Interpreting in 2006-07; a Bachelor of Science in Surveying/Geomatics is planned for the same time frame.
3. The Department of Dental Hygiene is in the process of developing a Bachelor of Science program for associate degree dental hygienists in the Treasure Valley in 2008. The Master of Physician Assistant will also be available in 2008.
4. The professional doctorate in Optometry is under consideration with a planning date of 2009. The proposed medical doctorate (MD) degree for 2010 and its relationship to the Treasure Valley is under discussion.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY - continued

5. Institute of Emergency Management – In the summer of 2003, the SBOE approved the University's request for the Institute of Emergency Management, located at ISU-Boise Center, which was developed in concert with the Idaho Bureau of Disaster Services, Bureau of Hazardous Materials, Idaho Emergency Medical Services, Department of Health and Welfare - Division of Health, and the Idaho Division of Army and Air National Guard. Since that time, the Institute has received more than \$3.5 million in Homeland Security grants for the purpose of training, workshops, courses, etc. for Idaho's first responders. The University, through its Institute of Emergency Management and the College of Technology, is planning and developing five (5) new degree programs that will prepare career professionals at the city, county, and state governmental levels for the management of disasters, mitigation, safety, and fire service administration. The five (5) new degrees being developed are: Associate of Science, Emergency Management; Bachelor of Science, Emergency Management; Master of Science, Emergency Management; Associate of Science, Fire Service Administration; and Bachelor of Science, Fire Service Administration. Currently these Notices of Intent are working their way through the College and University curriculum process. It is anticipated that the full proposals for these new degree programs will be before the SBOE by summer 2005.

STAFF COMMENTS AND RECOMMENDATIONS

Idaho State University was requested to return to the Board with an updated list of space requirement needs relating to current or future health-related program offerings in the Boise area. Page 6 of this document lists the programs by name, with January 2005 enrollment, at the ISU-Boise Center. Current and future space requirements are shown on Page 7.

BOARD ACTION

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

BUSINESS AFFAIRS AND HUMAN RESOURCES
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ISU-Boise Center
Programs & Enrollment
January 2005

<u>Program</u>	<u>Enrollment</u>	<u>Average Credits Per Semester</u>	<u>Program Length</u>
<u>Associate of Science</u>			
Paramedic	14	14	1 Year
<u>Bachelor of Science Degrees</u>			
Speech Pathology and Audiology	16	17	2 Years
Nursing Fast Track Program	41	16-19	15 Months
Clinical Laboratory Science	15	13-19	1 Year
Pre-Professional, Speech Lang. Path.	8	14	1 Year
<u>Master of Science Degrees</u>			
Nursing	20	6-8	2 ½ - 3 Years
Speech-Language Pathology	30	12-13	2 yrs. + 1 Summer
Clinical Laboratory Science	6	6	2 – 3 Years
Geology	0		Co-op Prog./BSU
<u>Master of Counseling Degrees</u>			
Mental Health	17	9	3 Years
Marriage and Family	5	9	3 Years
<u>Other Degrees</u>			
Master of Physical Education/ Athletic Administration	18	3-9	1 ½ - 4 Years
Master of Public Health	2	6	3 Years
Master of Health Education	0	3-6	2 – 4 Years
Dietetic Internship	7	15	1 Year
Pharmacy – 3 rd & 4 th year students	77	14-21	1 Year
<u>Miscellaneous</u>			
Dual Enrollment	38	2-4	High school
Unclassified	10	3	Pre-req. Courses
Professional Development Courses	1	1-3	1 Day or Week

TOTAL = 325

ISU BOISE HEALTH SCIENCES SPACE

	<u>Square footage</u>
Current Leased Space	29,126
Explorer Dr. @ \$15.50 sq. ft.	
Current Space Requirements:	
1. Department of Dental Sciences	5,000
existing dental office space	
2. Boise Academic Programs	17,000
classrooms, library, office space	

Future Space Requirements:

Desire to consolidate existing and future health science needs in one building.

Alternatives:

1. Continue leasing separate buildings as needs grow.
2. Current available spaces:
 - a. 400 Benjamin 90,000
 - b. Meadow Lake Village 92,250
 - c. PineBridge Business Park 100,000
3. Build new:
 - a. Saint Alphonsus (Boise)
 - b. Salmon Point Development (Eagle)
 - c. Dennis Baker & Associates (Meridian & Eagle)
 - d. Department of Lands (Meridian)

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO

SUBJECT

The University of Idaho is requesting the Board of Regents to approve various contracts related to implementing its self-funded medical and dental coverage programs effective fiscal year 2006.

REFERENCE

April 17, 2003	The University of Idaho notified the Board of Regents of its intent to issue a Request for Proposals for its Employee Health Insurance Program and bring a full report on the selection process back to the Board.
April 30, 2003	The Board authorized the Board's Executive Committee, in conjunction with the Executive Director, to review and approve any new UI employee health insurance contract.
May 9, 2003	Approval memo from Gary Stivers to enter into a contract with Blue Cross of Idaho for medical insurance.
Dec. 1, 2004	The University of Idaho notified the Board of Regents of its intent to convert from a fully insured medical coverage program to a self-funded medical coverage program effective fiscal year 2006.

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND

At the December 1, 2004 Board meeting, the University notified the Board of its intent to convert from a fully insured medical program to a self-funded program. The University also received a self-funded renewal quote from its dental provider, Delta Dental, and will convert its dental coverage to a self-funded program for FY06 to save additional costs. This agenda item includes administrative services contracts for Blue Cross and Delta Dental. It also includes a consulting/broker contract with Aon Consulting, the University's consultant and broker of record for its benefits program. The contracts for the fully insured Principal Life, Supplemental Life, and Disability Insurance programs will be renewed for FY06 with a minimal rate increase for disability. A complete report will be provided to the Board in June.

DISCUSSION

The University has finalized its plans to move to a self-funded medical and dental program for FY06 as follows:

BUSINESS AFFAIRS AND HUMAN RESOURCES
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INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO – continued

1. Blue Cross of Idaho has provided the University with a self-funded proposal that includes a individual stop loss at \$150,000 per person and aggregate stop loss at 115% of expected claims on a 12/15 (mature) basis. The stop loss coverage was bid separately, and Blue Cross was the successful bidder. The total expected cost of the medical program on a self-funded basis is \$18,021,271. This amount includes the cost of expected claims for medical, mental health and vision, reserve build-up and all administrative services costs. The Administrative Services contract with Blue Cross includes fees for Blue Cross's administrative and network services for medical, mental health and vision, COBRA fee, Aon's commissions for this contract, and individual and aggregate stop loss coverage, for an estimated total fixed cost of \$2,824,589 (amount is based upon number of participants in the plan).
2. Delta Dental has proposed a self-funded renewal at a 37% increase over FY05 costs. The large renewal increase is due to an underwriting error made two years ago when this program was bid at a very competitive rate. The University negotiated a contract with guaranteed rates for two years. Our consultants have confirmed that the increase for FY06 is based on census data and claims history over the past two years. The total expected cost of the dental program on a self-funded basis is \$1,562,013. This amount includes expected claims, a minimal reserve build up, all administrative costs and Aon's commissions; stop loss is not necessary as the dental benefit is capped at \$1,000 per participant per year. The administrative services contract with Delta Dental of Idaho includes Delta Dental's administrative and network services and Aon's commission for this contract, for an estimated total fixed cost of \$186,327 (amount is based upon the number of participants in the plan).
3. The contract with Aon Consulting defines the University's relationship with Aon Consulting, the broker and consulting services required for the University's benefit programs in FY06, the agreed upon fees and payment arrangements, and the terms of annual contract renewals. Aon Consulting provides expertise in overall benefit planning, claims review, actuarial services, vendor bidding and contract negotiations, HIPAA compliance, and other related services. In addition, Aon will provide special consulting services to the University in FY06 by researching and making recommendations concerning the GASB 45 liability for the retiree health and life insurance programs. The consulting contract also states that all of the broker commissions and consulting fees for the benefit programs listed on the attachment to the contract ***are included in the vendors' FY06 contract amounts*** and will be paid by the vendors directly to Aon on regularly scheduled basis and reported according to IRS regulations.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO – continued

IMPACT

With a self-funded program, the UI expects to reduce its medical and dental costs more than \$750,000 in FY06. Additional savings will be realized if the University has a good claims history for the year, and through interest earnings from the investment of the cash reserves.

STAFF COMMENTS AND RECOMMENDATIONS

Attached is a summary analysis of self-funding prepared by the University of Idaho that was distributed at the December, 2004 Board meeting. In this summary the University provides an overview of the proposed plan, including costs, and their rationale for converting from a traditional insurance arrangement.

The contracts being presented for approval are not, individually, unusually complex or difficult to understand. Staff has requested additional detail regarding the Aon consulting contract specifically, and in general the risk/reward facing the university with respect to converting to a self-insurance plan. The University has participated with staff in several conversations, allowing staff to have a more complete understanding of the project.

As part of that review, staff notes the UI has never experienced a “worst-case” claims year in the past 23 years, although this may or may not be a good predictor of the future.

Staff requested an informal review of the proposed administrative services agreement self-funded insurance policy by the State Department of Insurance (DOI). Comments back from DOI concerned whether or not the UI plan must be registered with the DOI. The UI has been notified of these comments and is in discussion with the Department of Insurance at the time the agenda is being published.

Staff has reviewed all contracts and related documents. If the amount projected to be saved occurs, conversion to the self-funded option would provide significant short- and long-term benefit to the University. In the event that scenario occurs, staff is supportive of the proposed concept.

UI staff will be present at the Board meeting with additional presentation material, and to respond to questions from Board members.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO – continued

BOARD ACTION

A motion to approve the three contracts in substantially the same form as the draft contracts presented to the Board between the University of Idaho and (1) Blue Cross of Idaho for administrative services for medical, mental health and vision claims, (2) Delta Dental of Idaho for administrative services for dental claims, (3) Aon Consulting to provide consulting and brokerage services for the University; and to authorize the Vice President for Finance and Administration at the University of Idaho to execute the contracts.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
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INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO - continued

Self Funded Medical / Dental Health Contracts

LIST OF ATTACHMENTS / APPENDICES

ATTACHMENT 1 Summary Analysis of Self-Funding for Medical Benefits, as prepared by the University of Idaho for December, 2004 Board meeting. [included in materials]

ATTACHMENT 2 Administrative Services Agreement between **Blue Cross of Idaho Health Service, Inc. (BCI)** and University of Idaho ("Employer" or "Group") [copies available from Board Office upon request]

Appendix A Administrative and Excess Loss Fee(s) Schedule

Appendix B1 BENEFITS OUTLINE -Traditional ("Business Blue") Master Group Policy

Appendix B2 POLICY DOCUMENT - Traditional ("Business Blue") Master Group Policy

Appendix C1 BENEFITS OUTLINE -PPO ("Preferred Blue") Master Group Policy

Appendix C2 POLICY DOCUMENT - PPO ("Preferred Blue") Master Group Policy

Appendix D1 BENEFITS OUTLINE for **Pre-Medicare** Retirees - Traditional ("Business Blue") Group Policy

Appendix D2 BENEFITS OUTLINE for **Post-Medicare** Retirees - Traditional ("Business Blue") Group Policy

Appendix D3 POLICY DOCUMENT for **Retirees**- Traditional ("Business Blue") Group Policy

ATTACHMENT 3 Contract between **Delta Dental Of Idaho, Inc. (Delta Dental)** and the Regents of the University of Idaho (Contractor) [copies available from Board Office upon request]

ATTACHMENT 4 Agreement between **Aon Consulting, Inc. (Consultant)** and the Regents of the University of Idaho (Institution) [copies available from Board Office upon request]

Attachment A Services and Fees – July 1, 2005 – June 30, 2006

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.

**University of Idaho
Summary Analysis of Self-Funding for
Medical Benefits
November 17, 2004**

Overview

The University of Idaho is considering self-funding a portion of its health insurance program, excluding dental benefits, beginning July 1, 2005. Self-funding is a financial arrangement in which medical claims are paid as they are incurred. The University would contract with Blue Cross to provide claims administration and network services, thus employees would see no difference in how their health coverage is administered. Rather than paying the insurance carrier (Blue Cross of Idaho) a set premium each month, the University would set rates based on its claims experience and would fund claims as they are processed and paid by Blue Cross.

The financial risk of the self-funding arrangement is managed through the creation of a financial reserve established by the University to fund unexpected claims and incurred-but-not-reported claims in the event that the self-funding arrangement is ever terminated. This reserve would be created by using the estimated first year savings that will result from this change. In addition, the University's liability for unexpected claims will be capped with the purchase of reinsurance (stop-loss coverage) for both individual and aggregate claims.

Self-funding would save the University the cost of premium tax, profit and margin paid to the carrier under a fully insured program. In addition, UI would pay for claims as they are incurred, and would be able to gain interest on the funds that it holds in reserve rather than pay a set premium to Blue Cross every month. Table 1 below compares three FY06 medical insurance scenarios: (a) estimated costs for a self-funded program with expected claims, (b) a self-funded program with worst-case claims (i.e., up to the limits where the re-insurance would kick in), (c) and a fully insured program assuming no changes were made and projecting inflationary cost increases:

FY06 Medical Program Expenses	FY06 Self-Funded Medical Projections	FY06 Worst Case* Self-Funded Medical Costs	FY06 Fully Insured Medical Costs
Projected Claims	\$ 14,120,130	\$ 16,238,150	\$ 16,754,746
Fees/ Administration	\$ 1,349,044	\$ 1,349,044	\$ 1,414,600
Reinsurance / Retention	\$ 857,060	\$ 857,060	\$ 1,375,019
Profit, Margin, Taxes and Contingency	\$ -	\$ -	\$ 507,155
TOTAL COSTS:	\$ 16,326,234	\$ 18,444,254	\$ 20,051,520
Reserve Build Up	\$ 3,099,541	\$ 3,099,541	\$ -
TOTAL LIABILITY:	\$ 19,425,775	\$ 21,543,795	\$ 20,051,520

Table 1—Comparison of Costs

Note: The difference between the total costs of a self-funded program (\$16,326,234) and a fully insured program (\$20,051,520) is \$3,725,286. This difference reflects savings to the University, funds to set up a reserve to cover the cost of unexpected claims as identified in the "Worst Case" column, and funds to cover the costs of incurred-but-not-reported claims in the event that the self-funding arrangement is ever terminated.

*The University has never experienced a Worst-Case claims year in the past 23 years with Regence Blue Shield and Blue Cross of Idaho.

University of Idaho
Summary Analysis of Self-Funding for
Medical Benefits
November 17, 2004

Monthly Accrual Rate Replaces Premium

The University of Idaho, with the help of Aon Consulting, has carefully reviewed the risks and advantages of self-funding its medical benefits program. In planning costs under the self-funded arrangement, the University sets an accrual rate that would be charged to departments to replace the “premium” rate using a formula similar to what the carrier would use, minus the profit, margin and taxes. The accrual covers all fees and administrative costs and the cost of claims on a “pay as you go” basis. For example, for the FY06 projected costs in Table 1, the accrual rate would be set to capture \$1,618,815 per month, or a total of \$19,425,775 throughout the fiscal year. Charging this amount will result in a projected 6-30-06 reserve of \$3,099,541 plus interest earnings, saving the University \$625,745 (\$19,425,775 - \$20,051,520) over the projected costs of a fully insured program. The claims are projected each year using the same experience and underwriting approach as used by the carrier under a fully insured program, and the accrual rate is adjusted accordingly. See Table 2 for the projected monthly cash flows under the projected FY06 self-funded program.

FY06 MONTH	Accrual Total	Claims Admn. Stop-Loss Networks	Medical Claims paid	Monthly Surplus (Deficit)	Compounded Interest at 2%	UI Reserve Account
JUL	\$1,618,815	\$183,842	\$143,974	\$1,290,999	\$2,122	\$1,293,121
AUG	\$1,618,815	\$183,842	\$678,702	\$756,271	\$3,365	\$759,636
SEP	\$1,618,815	\$183,842	\$933,719	\$501,254	\$4,189	\$505,443
OCT	\$1,618,815	\$183,842	\$1,118,175	\$316,798	\$4,710	\$321,508
NOV	\$1,618,815	\$183,842	\$1,369,742	\$65,231	\$4,817	\$70,048
DEC	\$1,618,815	\$183,842	\$1,397,852	\$37,121	\$4,878	\$41,999
JAN	\$1,618,815	\$183,842	\$1,389,789	\$45,184	\$4,953	\$50,136
FEB	\$1,618,815	\$183,842	\$1,469,875	-\$34,902	\$4,895	-\$30,007
MAR	\$1,618,815	\$183,842	\$1,399,887	\$35,086	\$4,953	\$40,039
APR	\$1,618,815	\$183,842	\$1,312,004	\$122,969	\$5,155	\$128,124
MAY	\$1,618,815	\$183,842	\$1,422,211	\$12,762	\$5,176	\$17,938
JUN	\$1,618,815	\$183,842	\$1,484,200	-\$49,227	\$5,095	-\$44,132
TOTAL	\$19,425,775	\$2,206,104	\$14,120,130	\$3,099,541	\$54,310	\$3,153,851

Table 2—Projected Monthly Cash Flows

Financial Risk

The University would assume the financial risk of the program. However, this risk is managed through the same processes used by an insured program. The program will provide stop-loss coverage to insure the costs for any one claim that exceeds \$150,000 for the plan year. The UI would be responsible for only the first \$150,000 in claims; all remaining expenses would be paid by the reinsurance. In the past ten years, the University has exceeded the insurance carrier's individual stop-loss limit for only five claims; in these instances, the insurance carrier was responsible for the first \$150,000 and the reinsurance carrier was responsible for costs beyond the stop-loss limit of \$150,000. In a self-funded arrangement, the University would cover the cost of the claim up to \$150,000; the stop-loss carrier would insure and pay any amount over \$150,000.

**University of Idaho
Summary Analysis of Self-Funding for
Medical Benefits
November 17, 2004**

The self-funded program will also be protected by aggregate stop-loss insurance. Stop-loss coverage at 115% of expected claims would cap the maximum liability for all claims of all members in the program within the Plan year. The University would be financially responsible for payment of expected claims as projected by the stop-loss carrier within the plan year, plus claims that are in excess of those projected, but only up to 15% above the stop-loss carrier's projection (if stop-loss coverage begins at 115%). Unexpected claims above the projection would be covered by the reserves collected by the University. The stop-loss carrier would insure and be responsible for payment of all costs that are in excess of 115% of the projected expected claims. In the 23-year history with Regence Blue Shield of Idaho and Blue Cross of Idaho, the university's claims experience has never exceeded 115% of the projected expected claims of the carrier; in fact, the claims have fallen below the carrier's projections.

Additionally, a fully funded reserve would be established and held by the University to fund unexpected claims that are above projections. The reserve also covers the incurred-but-not-reported (IBNR) claims liability in the event that the self-funded arrangement is ever terminated. Plan reserves are built during the first three months of the self-funded program and do not require reserves to be on deposit as a prerequisite. Blue Cross of Idaho would be responsible for the IBNR (claim lag or run-out claims) associated with costs of the insured program. During the first 60 – 90 days when there are few claims reported, the reserve account will build.

Conclusion

Self-funding provides a financial savings over insured costs through the elimination of profit, margin and premium tax. The University gains more control over cash with the ability to hold and invest our own reserves. We gain the added flexibility in the ability to influence plan design changes. The University can move more easily to a cafeteria plan design, provide wellness incentives and opportunities for plan participants, and control the rapidly increasing costs of health coverage. In a fully insured plan, the University is limited by the flexibility of the carrier. In fact, the University's Benefits Advisory Group, which is composed of faculty, staff and retirees, is very supportive of the University's move to a self-funding arrangement. This group feels that self-funding will provide the University an opportunity to consider a cafeteria plan that would allow employees and retirees more individual choice in their health coverage program.

**University of Idaho
Summary Analysis of Self-Funding for
Medical Benefits
November 17, 2004**

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BUSINESS AFFAIRS AND HUMAN RESOURCES

APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA UNIVERSITY OF IDAHO

SUBJECT

Granting an access easement across Regents' property to a residential parcel previously donated to the University of Idaho Foundation.

REFERENCE

April 15, 1999 Regents approved a gift of property from Bobby C. Hamilton as a routine agenda item.

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND

In 1999 the University of Idaho Foundation received 18.9 acres from Bobby C Hamilton "as a charitable contribution to benefit the University of Idaho." Of this, 15.68 acres of pasture were immediately conveyed to the Regents of the University of Idaho to augment the College of Agricultural and Life Sciences' North Farm. The UI Foundation retained the remaining home site parcel and has leased the existing home site for use as a private home. The Foundation did not retain an easement across the property they conveyed to the Regents and consequently the home site parcel does not have recorded legal access. Recently the tenant residing at the home site parcel notified the Foundation that he no longer wishes to reside in the home and consequently the Foundation would now like to dispose of that 3.22-acre parcel. The College of Agricultural and Life Sciences is not interested in managing the residential property, so the Foundation intends to put the parcel on the market and apply the proceeds to benefit the University of Idaho as directed by the donor.

DISCUSSION

To enable the Foundation to best market the home site, which will benefit the institution; the Regents should grant an easement to provide assurance that there is equally established access to the home site (see Attachment A). The proposed easement parcel is already developed as an access driveway to the existing home because the home and driveway were established prior to ownership by the Regents or Foundation. The proposed easement is non-exclusive, allowing future University uses when not in conflict with the access. The proposed easement is granted at no cost because the proceeds of the sale of the residential parcel are ultimately for the benefit of the University of Idaho and the costs for maintaining the easement are assigned to the grantee.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO – continued

IMPACT

Approval of this easement will have no direct fiscal or programmatic impact on the University of Idaho.

STAFF COMMENTS AND RECOMMENDATIONS

The university provided a map of the property, which Board staff enhanced for readability (see Attachment 2). The attached map indicates the easement and parcels under discussion.

Staff has reviewed for compliance with Board policy and recommends approval.

BOARD ACTION

A motion to approve a non-exclusive easement by the University of Idaho to the University of Idaho Foundation to provide access to the residential 3.22-acre parcel adjoining the North Farm in Moscow, Idaho, in the form presented to the board and to delegate signature authority in regard to such agreement to the Vice President for Finance and Administration at the University of Idaho.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

Recording Requested By and
When Recorded Return to:

UNIVERSITY OF IDAHO
Capital Planning & Budget
Attn: Gerard Billington
Moscow, Idaho 83844-3162

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

NON-EXCLUSIVE EASEMENT AGREEMENT

This NON-EXCLUSIVE GRANT OF EASEMENT (this "Grant") is made this ____ day of _____, 2005, by and between THE REGENTS OF THE UNIVERSITY OF IDAHO, a state educational institution and a body corporate organized and existing under the Constitution and laws of the State of Idaho ("Grantor"), whose address is Vice President for Finance and Administration, University of Idaho, Moscow, Idaho 83844-3168 and THE UNIVERSITY OF IDAHO FOUNDATION, INC., an Idaho Non-Profit Corporation, whose business address is Moscow, Idaho 83844-3150 ("Grantee").

RECITALS

A. Grantor has agreed to grant to Grantee a non-exclusive access easement through Grantor's property, which property is legally described on Exhibit A, and graphically shown in Exhibit C which are attached hereto and incorporated by reference herein ("Easement Parcel").

B. The Easement Parcel consists of real property to be utilized for the construction, operation, use, maintenance, repair, replacement, and removal of ingress and egress to Grantee's adjacent property as graphically shown on Exhibit B attached hereto and incorporated by reference herein ("Grantee's Property").

NOW, THEREFORE, in consideration of the recitals above which are incorporated below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged:

1. GRANT: Grantor hereby grants and conveys to Grantee, its successors, agents, and assigns, subject to all the terms, conditions and warranties contained herein, a perpetual (subject to the terms of this Grant), non-exclusive easement through the Easement Parcel, for the purpose of construction, operation, use, maintenance, repair, replacement and removal of those improvements reasonably necessary for vehicular and pedestrian ingress and egress to Grantee's Property ("Easement"). All construction, maintenance, operation, use, repair, replacement, and removal of the Easement shall be strictly limited to the Easement Parcel.

ATTACHMENT A

2. NOTICE: Any notice under this Grant shall be in writing and be delivered in person or by public or private courier service (including U.S. Postal Service Express Mail) or certified mail with return receipt requested or by facsimile. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time-to-time direct in writing:

If to Grantor:

Vice President for Finance and Administration
University of Idaho
PO Box 443168
Moscow, Idaho 83844-3168

If to Grantee:

University of Idaho Foundation, Inc.
Moscow ID 83844-3150
Attn: Executive Director

Any notice shall be deemed to have been given on the earlier of: (a) actual delivery or refusal to accept delivery, (b) the date of mailing by certified mail, or (c) the day facsimile delivery is verified. Actual notice, however and from whoever received, shall always be effective.

3. BINDING EFFECT: All provisions of this Grant, including the benefits and burdens, are binding upon and inure to the benefit, obligation, and use of the successors, agents, and assigns of the parties hereto. This Grant shall be a burden upon the Easement Parcel, for the benefit of and appurtenant to each and every part of Grantee's Property and shall run with the land.

4. NON-EXCLUSIVE RIGHT: Anything in this instrument to the contrary notwithstanding, Grantee agrees to the following conditions:

a. The Easement herein granted is subject to all easements and encumbrances of record and is non-exclusive, provided that later-granted easements shall be subject to Grantee's rights and uses;

b. All materials, equipment, and their related components and supports placed within the Easement Parcel by Grantee, or Grantee's agents or contractors pursuant to this instrument ("Grantee's Improvements") shall remain the property of the Grantee;

c. Grantor and its successors and assigns shall retain the right to full use of the surface and subsurface of the Easement Parcel, provided, however, that Grantor will not erect any permanent structure within the Easement Parcel without the written permission of the Grantee, which permission shall not be unreasonably withheld.

ATTACHMENT A

d. Grantee shall at all times maintain, repair and replace Grantee's Improvements in good and clean condition, consistent with or better than the quality and condition of the improvements to Grantor's surrounding property, including, without limitation, repaving and re-striping, when necessary, all paved surfaces to maintain a level, smooth and evenly covered surface. Grantee shall promptly repair and restore any improvements, landscaping or land disturbed by the construction, maintenance, repair or removal of Grantee's Improvements by Grantee or Grantee's agents or contractors to its prior condition; and

5. **INDEMNITY:** The Grantee shall, to the extent permitted by law, indemnify, defend and save Grantor, its successors, assigns, and agents harmless from any and all claims, liabilities, losses, costs, charges, or expenses (including, without limitation, reasonable attorneys' fees) which Grantor may incur as a result of any act or omission of the Grantee, and Grantee's agents, contractors, tenants, licensees and invitees, in their use of the Easement Parcel under this Grant. If any action, claim or demand is made against Grantor for any act or omission of the Grantee or Grantee's agents, contractors, tenants, licensees and invitees, Grantee agrees to assume the expense and shall pay all costs, charges, attorneys' fees, settlements, judgments or other expenses incurred by or obtained against Grantor, and also, including all attorneys' fees and costs associated with any appeal proceeding.

6. **REMEDIES:** In the event of a breach hereunder by any party, the non-breaching party shall have all remedies available at law or in equity, including injunctive or other equitable relief. In any suit, action or appeal therefrom to enforce or interpret this Grant, the prevailing party shall be entitled to recover its costs incurred therein, including reasonable attorneys' fees and costs, and also including reasonable attorney's fees and costs associated with any appeal proceedings. The failure of Grantor to insist upon strict performance of any of the terms or conditions of this Grant shall not be deemed a waiver of any rights or remedies that Grantor may have, and shall not be deemed a waiver of any subsequent breach or default in the terms or conditions of the Grant by the same or any other person.

7. **MODIFICATION:** This Grant shall not be modified unless expressly agreed to by both parties in writing.

8. **RELOCATION:** The Grantor reserves the right to, and the Grantee agrees that, the Easement and Easement Parcel may be relocated at the Grantor's sole option and expense.

9. **EASEMENT IMPROVEMENTS:** Grantor and Grantee agree that Grantee shall, at its sole cost and expense, construct, operate, use, maintain, repair, replace, and remove the Easement, the Easement Parcel, and the fixtures and improvements therein as contemplated herein; provided however, prior to any such construction, maintenance, repair, replacement or removal, Grantee will make reasonable attempts to notify and coordinate with Grantor the construction, maintenance, repair, replacement, or removal.

10. **RIGHT OF WAY CLEARING AND MAINTENANCE:** Grantee shall have the right to cut, trim, and remove any and all brush, branches, and trees located within the Easement Parcel. Grantee shall also have the right to control, on a continuing basis and by any prudent and reasonable means, the establishment and growth of trees, brush, and other vegetation located within the Easement Parcel which could, in the opinion of the Grantee, interfere with the reliable

ATTACHMENT A

operation of Grantee's fixtures and improvements or the exercise of Grantee's rights herein or create a hazard to Grantee's facilities. Grantee shall be responsible for all maintenance and repair of Easement.

11. **PROVISION FOR SHARED MAINTENANCE COSTS:** In the event Grantor grants another party a non-exclusive easement for ingress and egress over all or a part of the Easement Parcel, such subsequent easement shall only be granted subject to Grantor explicitly establishing in any new grant a reasonable and equitable process for sharing maintenance costs for ingress and egress and any supporting improvements between any new grantee and Grantee. Such process may be amended by those two parties by mutual agreement and without the consent of Grantor, so long as such amended process does not impose any costs or responsibilities upon Grantor.

12. **CONDITION OF PARCEL:** Following the construction, maintenance, repair, replacement, or removal of the Easement, Grantee shall repair and return the Easement Parcel, to the extent reasonably practical, to the same condition as the Easement Parcel was in prior to Grantee's construction, maintenance, repair, replacement, or removal activities. In the event that Grantee fails to repair and return the Easement Parcels to said same condition, then the Grantor, at its sole discretion, may restore the Easement Parcel, or any portion thereof, and Grantee shall reimburse Grantor for all costs associated therewith within thirty (30) days from receipt of an invoice therefor.

13. **TITLE INSURANCE AND ESCROW:** Should Grantee so desire, at its sole expense, Grantee may apply forthwith for a title insurance policy insuring the easement hereby granted and Grantor will make available for inspection by the title company any evidence of title in its possession.

14. **REPRESENTATIONS AND WARRANTIES:** Grantor and Grantee represent and warrant as of the date herein that they and the person(s) executing on their behalf have the power and authority to execute this Grant and to perform Grantor's and Grantee's obligations herein and if Grantor or Grantee are a corporation, all necessary corporate action to authorize this transaction has been taken.

15. **COMPLIANCE WITH ALL LAWS AND INDUSTRY STANDARDS:** Grantee hereby agrees to comply in all respects with any and all, applicable federal, state and local statutes, laws, ordinances, codes, regulations, and rules in connection with the use of the Easement and Easement Parcel. In addition, with respect to the construction, operation, use, maintenance, repair replacement, and removal of the Easement, Grantee agrees to comply with all applicable industry standards pertaining thereto.

16. **RECORDING:** After recording this instrument, Grantee shall provide Grantor with a certified copy of the recorded instrument showing the date, instrument number, book, and page of recording.

17. **TERMINATION:** Grantee may terminate this Grant upon express written consent by Grantor and by recording a release with the Latah County Recorder's Office in

ATTACHMENT A

recordable form with directions for delivery of the same to Grantor, whereupon all rights, duties, and liabilities hereby created shall terminate. If there is a termination or abandonment of the Easement, Grantee shall remove Grantee's Improvements and return the Easement Parcel to its pre-easement condition.

IN WITNESS WHEREOF, the undersigned have caused this Grant to be executed.

GRANTOR: The Regents of the University of Idaho

By: _____
The Regents of the University of Idaho
by Vice President for Finance & Administration
University of Idaho

STATE OF IDAHO)
) ss.
County of Latah)

On this _____ day of _____, 2005 before me, the undersigned, a Notary Public in and for said State of Idaho, personally appeared _____, known or identified to me to be authorized to sign on behalf of the Board of Regents of the University of Idaho.

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

NOTARY PUBLIC for Idaho
Residing at _____
My commission expires _____

ATTACHMENT A

GRANTEE: The University of Idaho Foundation, Inc., an Idaho Non-Profit Corporation

By: _____

Its: _____

Date: _____

STATE OF IDAHO)
) ss.
County of Latah)

On this _____ day of _____, 2005, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, known or identified to me to be the _____ of the University of Idaho Foundation, Inc., the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

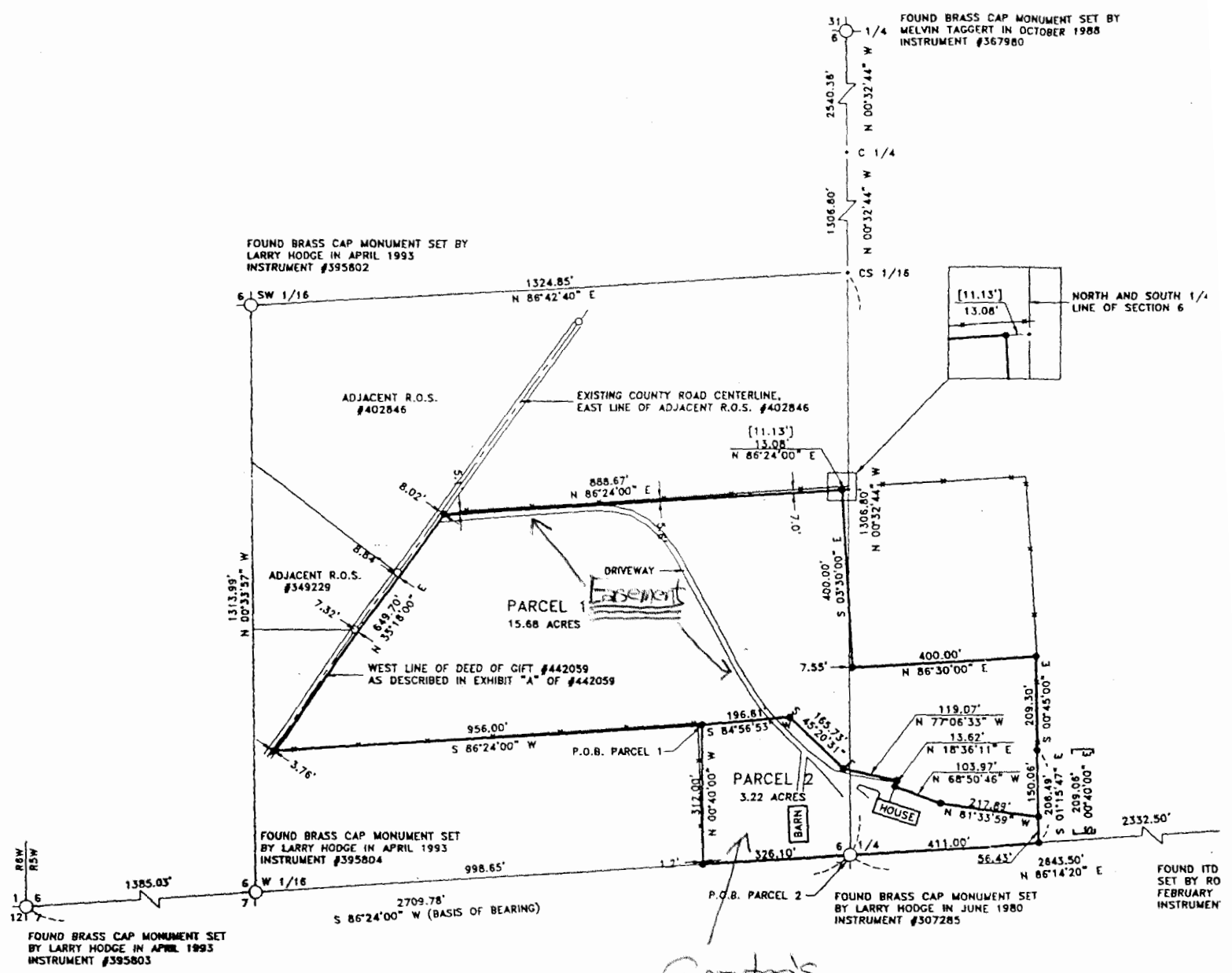
NOTARY PUBLIC for Idaho
Residing at _____
My commission expires:_____

EXHIBIT A

Easement Parcel

EXHIBIT B

University of Idaho Foundation, Inc. Parcel



Grantee's Parcel

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

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.

5. Disposal of Real Property

b. Board approval of other transfers

(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.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO

SUBJECT

An agreement with the United States Forest Service ("USFS") and the University of Idaho Foundation, Inc. ("Foundation").

REFERENCE

January, 2002	The Regents authorized the University to enter into a Facilities Lease with Idaho State Building Authority (ISBA) at the Idaho Water Center (IWC).
August, 2002	The Regents approved the University of Idaho's request to enter into an agreement with the USFS and Foundation facilitating an exchange of property in and adjacent to the IWC.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Policies and Procedures, Section V.I.5.b.1.

BACKGROUND

In October 2000 the President of the United States signed the Boise Laboratory Replacement Act authorizing the USFS to grant the Foundation or the University a right of first refusal to purchase the USFS site at 316 E Myrtle Avenue at fair market value. The Act also authorizes the USFS to acquire a condominium unit to replace its existing facilities. The facilities lease, and related agreements with the Idaho Department of Water Resources, resulted in the Regents' current lease payment obligation for the entire facility.

DISCUSSION

The proposed Divestiture and Acquisition agreement (see Attachment 1) describes and authorizes the process by which the USFS will convey its 3.26-acre USFS laboratory site in Boise, on Myrtle Avenue, to the University of Idaho Foundation and then purchase condominium units within the Idaho Water Center, which space is currently leased to the Regents of the University of Idaho under the Facilities Lease with ISBA.

Pursuant to the agreement, the University will cause ISBA (as provided in the Facilities Lease) to convey the USFS units to the Forest Service. Proceeds from the acquisition of the USFS site by the Foundation will provide the USFS with some of the funds necessary for the acquisition of the Idaho Water Center condominium units. The space in the IWC that the USFS will acquire was constructed to accommodate the development of the multi-agency research and education facility envisioned by the University of Idaho and the Foundation.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO – continued

ISBA will convey condominium space directly to the USFS and the University's financial obligations for that space will terminate upon conveyance of the space to the USFS.

IMPACT

Approval of this agreement will reduce the Regents' facility lease payment obligations as property the Regents are currently obligated to pay for is conveyed to the USFS and removed from the Facility Lease premises.

STAFF COMMENTS AND RECOMMENDATIONS

Staff has reviewed the agreement for conformance with Board policy and recommends approval.

BOARD ACTION

A motion to authorize the University of Idaho to enter into a Divestiture and Acquisition Agreement in a form substantially similar to the draft Agreement presented to the Board, subject to review and approval of the final negotiated Agreement by Board staff, and to grant signature authority to the University's Vice President for Finance and Administration to execute the final negotiated Agreement.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO - continued

LIST OF ATTACHMENTS / EXHIBITS

ATTACHMENT 1 Divestiture and Acquisition Agreement Among the University of Idaho Foundation, Inc. and the Regents of the University of Idaho and the United States Forest Service

EXHIBIT A	Legal Description of Boise Lab Site
EXHIBIT B	Boise Laboratory Replacement Act of 2000
EXHIBIT C	IWC Condominium Plat
EXHIBIT D	Parking License Agreement
EXHIBIT E	Parking Access Agreement
EXHIBIT F	Form of IWC Condominium Declaration
EXHIBIT G	USFS Quitclaim Deed
EXHIBIT H	ISBA Grant Deed
SEE TAB 15, Attachment 1-Declaration of Covenants, Conditions & Restrictions for Exhibits F, G & H	
EXHIBIT I	Exceptions to Title – USFS Units
EXHIBIT J	Exceptions to Title – Boise Lab Site

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DIVESTITURE AND ACQUISITION AGREEMENT

Among

THE UNIVERSITY OF IDAHO FOUNDATION, INC.

and

The Regents of the
UNIVERSITY OF IDAHO,

and

The United States of America acting by and through the
FOREST SERVICE, DEPARTMENT OF AGRICULTURE

DIVESTITURE AND ACQUISITION AGREEMENT

THIS DIVESTITURE AND ACQUISITION AGREEMENT (“Agreement”) is made effective the 1st day of March, 2004, by and between THE UNIVERSITY OF IDAHO FOUNDATION, INC., an Idaho nonprofit corporation (the “Foundation”), THE REGENTS OF THE UNIVERSITY OF IDAHO, a constitutional corporation organized and existing under and by virtue of the Constitution of the State of Idaho (the “University”), and UNITED STATES OF AMERICA, acting by and through the FOREST SERVICE, DEPARTMENT OF AGRICULTURE (the “Forest Service”). The Foundation, the University and the Forest Service are collectively referred to as the “Parties”.

RECITALS

A. The Forest Service owns that certain 3.26 acre parcel of land, which is legally described on Exhibit A attached hereto, and which is occupied as an administrative site for the Rocky Mountain Research Station (the “Boise Lab Site”).

B. The Boise Laboratory Replacement Act of 2000, enacted as part of Public Law 106-291, title III, Sec. 351, Oct. 11, 2000, 114 Stat. 1004, a copy of which is attached hereto as Exhibit B (the “Act”), authorizes the Secretary of Agriculture to grant the Foundation or the University a right of first refusal to purchase the Boise Lab Site at fair market value and, if the University or Foundation exercises said right of first refusal, directs the Secretary to cooperate, to the maximum extent practicable, with the University in the development of a multi-agency research and education facility. Pursuant to the Act and this Agreement, the Foundation desires to exercise such right of first refusal for the purchase of the Boise Lab Site, and the Forest Service desires to convey to the Foundation the Boise Lab Site and cooperate in the development of the Idaho Water Center.

C. The Idaho State Building Authority (“ISBA”), has developed and constructed the Idaho Water Center Condominium (“IWC”) through the issuance of its State Building Revenue Bonds (“Bonds”). During the term of the Bonds, ISBA is leasing the Idaho Water Center condominium units to the State of Idaho by and through the University and the Idaho Department of Water Resources pursuant to that certain “Facilities Lease” dated December 17, 2002. The Facilities Lease contemplates the sale of certain IWC Condominium Units (hereafter defined as “USFS Units”) to the Forest Service. In furtherance thereof, the Facilities Lease provides for direct transfer of fee simple title to the USFS Units from ISBA to the Forest Service.

D. The Forest Service desires to purchase (i) fee simple title to the USFS Units and (ii) a permanent Parking License in Civic Plaza Condominium Unit 302 B, (the “Fleet Parking Unit”) consisting of approximately 3,838 square feet as shown more particularly on the Civic Plaza Condominium Project Plat Amendment No. 1 recorded _____, 2004 as Ada County Instrument No. _____.

E. The Forest Service either has or will prepare and perform such appraisals and analyses as required under the laws, regulations and rules applicable to its disposition of the Boise Lab Site and its purchase and lease of the USFS Units, including (a) with regard to the Boise Lab Site, a cultural mitigation analysis, a categorical exclusion determination, and appraisal, and (b) with regard to the USFS Units, a benefit-cost analysis, land title review, and appraisal. With regard to this appraisal work and throughout the remainder of this document it is recognized by the parties that the terminology describing land appraisal has changed since the passage of the Boise Laboratory Replacement Act of 2000 and what was described by the Act as “Fair Market Value” is today referred to as “Market Value.” The two terms are herein used interchangeably.

F. The Parties desire to set forth their mutual rights and responsibilities with respect to the purchase of the Boise Lab Site by the Foundation and the acquisition of the USFS Units by the Forest Service.

AGREEMENT

NOW, THEREFORE, in furtherance of the Boise Laboratory Replacement Act of 2000 and in consideration of the mutual promises, covenants, and agreements stated herein, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. PURCHASE AND SALE OF THE BOISE LAB SITE

1.1 Purchase and Sale.

At Closing, the Forest Service will sell, assign and convey the Boise Lab Site to the Foundation, and the Foundation hereby agrees to purchase the Boise Lab Site from the Forest Service, for the Boise Lab Site Purchase Price (as defined in Section 1.2.1) and according to the terms, covenants and conditions contained in this Agreement.

1.2 Purchase Price; Payment.

1.2.1 Purchase Price. The purchase price for the Boise Lab Site (the “Boise Lab Site Purchase Price”) is Three Million Seven Hundred Seventy Five Thousand Dollars (\$3,775,000.00) which is the market value of the property as determined by a Forest Service approved appraisal report prepared in compliance with Federal standards, as defined in the Uniform Appraisal Standard for Federal Land Acquisitions, 2000 Edition. The effective date of value in said report is October 18, 2004, which is less than 210 days prior to the execution of this Agreement and therefore with the time permitted by the Act for exercise by the Foundation of its right of first refusal.

1.2.2 Payment. The Boise Lab Site Purchase Price shall be paid in cash or other immediately available funds at Closing.

1.3 Condition of Property.

The Foundation acknowledges that it has inspected the Boise Lab Site and, except as expressly provided in this Agreement, the Foundation is purchasing the Boise Lab Site on an "AS-IS" basis without any warranties, express or implied, from the Forest Service, except as to title. The Foundation further acknowledges that it is not relying upon any statements or representations by the Forest Service which are not expressly set forth in this Agreement.

1.4 Right of First Refusal.

The parties acknowledge and agree this Agreement constitutes the timely exercise by the Foundation of the right of first refusal established by the Act.

2. PURCHASE AND SALE OF THE FOREST SERVICE CONDOMINIUM UNITS

2.1 General.

2.1.1 Purchase and Sale of the USFS Units and Fleet Parking.

2.1.1.1 USFS Units. Upon the terms and conditions set forth herein and in consideration of the performance of each of the covenants and promises made herein, at Closing, the University will cause ISBA (as provided in the Facilities Lease) to convey the USFS Units to the Forest Service, reflecting the square footage of the USFS Units and the limited common area associated therewith. As used in this agreement, the term "USFS Units" shall mean Units 304, 305, 403 and LCA 403 all of which are depicted graphically on the Idaho Water Center Condominium Plat, the form of which is attached hereto as Exhibit C. LCA 403 is limited common area associated with, and appurtenant to, Unit 403.

2.1.1.2 Fleet Parking. As a part of the purchase of the USFS Units as set forth herein and for no additional consideration, at Closing, the University and the Forest Service will enter into a "Parking License Agreement" for the Fleet Parking Unit. The form of Parking License Agreement and the annexed Consent, Non-Disturbance and Attornment Agreement to be executed by the Idaho State Building Authority are attached hereto as Exhibit D, which form and the terms thereof shall be superceded by the actual Parking License Agreement fully and finally executed by the Parties.

2.1.1.3 Public Parking. The Forest Service will be entitled to access to, and to purchase parking permits in, the Capital City Development Corporation (the "Agency") parking system in accordance with the Ada County Courthouse Corridor Parking Covenants Encumbering the West Corridor Property and Avenue A Site, dated October 1, 2002, and recorded as Instrument No. 102115916 in the property records of Ada County, Idaho, as may be amended from time to time, and in accordance with that certain Parking Access Agreement between Urban Renewal Agency of Boise City, Idaho a/k/a Capital City Development Corporation and the Regents of the University of Idaho, dated December 17, 2002, a copy of which is attached hereto as Exhibit E, and any and all other agreements, rules and regulations entered into and/or adopted by the Agency.

2.1.2 Governing Documents. The Forest Service hereby acknowledges, understands and agrees that the USFS Units are subject to the terms of (i) the Declaration of Covenants and Restrictions Establishing a Plan of Condominium Ownership for Civic Plaza Condominiums, recorded in the real property records in and for Ada County, Idaho as Instrument No. 102116495 (the “Civic Plaza Declaration”) and the Plat of the Civic Plaza Condominiums filed in Book 85 of Plats at Pages 9420 through 9432, Records of Ada County, Idaho (“Civic Plaza Plat”), (ii) the Declaration of Covenants and Restrictions of Condominium Ownership for the Idaho Water Center, the form of which is attached hereto as Exhibit F (the “Idaho Water Center Declaration”) and the plat for the Idaho Water Center Condominium Plat (Exhibit C) and (iii) any and all common area maintenance agreements and other operating and maintenance agreements entered into by the Board of Managers pursuant to either or both of the above Declarations (all of such documents are collectively referred to herein as the “Governing Documents”). The Forest Service’s ownership and occupancy of the USFS Units and its duties in connection therewith, are regulated by the Governing Documents. The Forest Service further understands, acknowledges and agrees that the covenants, conditions and restrictions contained in the Governing Documents run with the land and bind the Forest Service and each and every successor in interest. The University reserves the right to revise or amend the Governing Documents exhibited to the Forest Service to the extent reasonable changes may be required by governmental authorities, lenders, or title insurance companies or are in the reasonable option of the University appropriate or necessary. All parties further agree that the aforesaid reservations, covenants, conditions and restrictions contained in or amending the Governing Documents are binding on the Forest Service only to the extent that they do not contravene Federal law or require participation in actions or agreements that a Federal agency would be prohibited from entering into under Federal law.

2.1.3 Board of Managers. By acquisition of the USFS Units, the Forest Service shall become eligible to vote on the election of the Board of Managers as provided for in the Governing Documents. The USFS Units shall be obligated to bear their allocated share of the assessments imposed by the Board of Managers for the purpose of paying (i) the common expenses (including, without limitation, operations and maintenance) of the Idaho Water Center and the Civic Plaza Condominiums, (ii) the expenses of operating the Project, and (iii) the annual contribution for public parking facilities as described in Section 2.1.1.3 above.

2.2 Purchase Price; Payment.

2.2.1 Purchase Price. The purchase price for the USFS Units (the “Condominium Purchase Price”) shall be the Market Value (defined below) of the USFS Units and the Parking License Agreement as of the effective date of value in the appraisal report. The “Market Value” of the USFS Units and the Parking License Agreement shall be determined as provided in the Act based upon a qualified appraisal acceptable to the Secretary of Agriculture and prepared in accordance with the Uniform Appraisal Standards for Federal Land Acquisitions, 2000 Edition.

2.2.2 Payment. At Closing, the proceeds from the sale and purchase of the Boise Lab Site to the extent necessary and all other funds necessary for purchase of the USFS Units shall be paid to the Closing Agent in immediately available funds.

2.3 Condition of USFS Units.

2.3.1 AS IS Condition. The Forest Service acknowledges it has had adequate access to make a full and complete examination and inspection of the USFS Units, is purchasing the property “**AS IS**”, and understands that other than the “grant” warranty contained or implied in the deed, neither the University, nor ISBA makes any warranty or representation as to the inhabitability or suitability of the USFS Units for any purpose, nor as to any other condition of the Units or the Tenant Improvements, except as may be set forth in this Section 2. Upon delivery of possession, ISBA, without recourse, will assign to the Forest Service all warranties from the contractor(s) relating to the Units and the Tenant Improvements.

3. CLOSING

3.1 Time for Closing. The closing of the purchase and sale of the Boise Lab Site and the purchase and sale of the USFS Units (“Closing”) shall take place at the office of TitleOne Corporation in Boise, Idaho (“Closing Agent”) on or before the _____ day of _____, 2005 (the “Closing Date”). At or before Closing, the Forest Service and the Foundation shall deposit in escrow with the Closing Agent all instruments, documents and monies necessary to complete the sale in accordance with this Agreement.

3.2 Prorations; Closing Costs. Assessments for the current year, rents, interest, utilities and other items of income and direct expense relating to the Boise Lab Site, if any, shall be prorated as of the Closing Date. The Foundation shall pay the cost of recording the quitclaim deed, one-fourth (1/4) of the Closing Agent's escrow fee and the premium for any title insurance policy desired by the Foundation. The University shall pay one-fourth (1/4) of the Closing Agent's escrow fee. The Forest Service shall pay the cost of recording the deed conveying the USFS Units, one-half (1/2) of the Closing Agent's escrow fee and the premium for any title insurance policy desired by the Forest Service.

3.3 Conveyance of Title. At Closing, the Forest Service shall execute and deliver to the Foundation a quitclaim deed conveying all of its right, title and interest in the Boise Lab Site. The form of quitclaim deed is attached hereto as Exhibit G. At Closing, the Forest Service shall receive a grant deed (“Deed”) from the ISBA, in the form attached hereto as Exhibit H, conveying good and marketable title to the USFS Units free and clear of any defects or encumbrances except for the lien of real estate taxes for the current calendar year not yet due and payable, the Governing Documents and any other matters identified on Exhibit I.

3.4 Possession. Upon Closing, the Forest Service shall be entitled to possession of the USFS Units and the Foundation shall be entitled to possession of the Boise Lab Site.

3.5 Conditions to Closing.

The Parties shall not be obligated to close the purchase and sale of the Boise Lab Site, nor the purchase and sale of the USFS Units, unless on or prior to Closing each of the following conditions has been met or the Party benefited by any such condition precedent has waived said condition in writing:

3.5.1 The Foundation shall have received a title insurance commitment for extended owners coverage in the amount of the Boise Lab Site Purchase Price showing only the exceptions set forth in Exhibit J; and the title company issuing the commitment shall be prepared to issue upon Closing, an extended coverage owner's policy of title insurance, together with all endorsements reasonably requested by the Foundation for the purchase of the Boise Lab Site. If a survey is required for issuance of the extended coverage owner's policy, the cost of the surveyor shall be born by the Foundation.

3.5.2 The Forest Service shall have received a title insurance commitment for extended owners coverage in the amount of the Condominium Purchase Price, showing only the Governing Documents and the exceptions set forth in Exhibit I; and the title company issuing the commitment shall be prepared to issue upon the Condominium Closing, an extended coverage owner's policy of title insurance, together with all endorsements reasonably requested by the Forest Service for the purchase of the USFS Units. If a survey is required for issuance of the extended coverage owner's policy, the cost of the survey shall be born by the Forest Service.

3.5.3 The Fair Market Value of the USFS Units including the value of the Parking License Agreement, as determined by the appraisal described in Section 2.2.1, shall have been determined to be equal to or greater than \$6,772,881 - which is the Forest Service's Allocated Interest (as defined in the IWC Condominium Declaration attached as Exhibit F) in the IWC Condominiums multiplied by the actual construction cost of the IWC Condominiums (including Common Area and Limited Common Areas) and the underground fleet parking facility.

3.6 Exempt Status. On or prior to the Closing, the ISBA shall have delivered to the Forest Service and the Forest Service shall deliver to the Foundation, affidavits in satisfactory form evidencing such party's exemption from withholding under the Internal Revenue Code Section 1445.

4. GENERAL PROVISIONS

4.1 Limitation on Benefit.

Pursuant to Section 2, Title 41, United States Code, no member of, or delegate to, Congress shall be admitted to any share or part of this instrument, or any benefits that may arise therefrom.

4.2 Attorneys' Fees.

In the event of any controversy, claim or action being filed or instituted between the Parties to enforce the terms and conditions of this Agreement or arising from the breach of any provision hereof, any assessment of attorney fees will be made in accordance with the provisions of the Equal Access to Justice Act.

4.3 Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, legal representatives, successors and assigns.

4.4 Assignment.

None of the Parties may assign its obligations or interests in this Agreement, or in any of the agreements contemplated hereunder (the “Related Agreements”) without the prior written consent of the other Parties.

4.5 Headings.

The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation hereof.

4.6 Additional Acts.

Except as otherwise provided herein, in addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by the Parties, the Parties hereby agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered any and all such further acts, deeds and assurances as any Party hereto may reasonably require to consummate the transaction contemplated hereunder.

4.7 Time of Essence.

All times provided for in this Agreement, or in any other document executed hereunder, for the performance of any act will be strictly construed, time being of the essence.

4.8 Notice.

Excepting service of legal process on the United States, which must be conducted in accord with the provisions of Title 28, U.S. Code, all notice between the Parties shall be deemed received when personally delivered or when deposited in the United States mail postage prepaid, registered or certified, with return receipt requested, or sent by telegram or mail-o-gram or by recognized courier delivery (e.g. Federal Express, Airborne, Burlington, etc.) addressed to the Parties, as the case may be, at the address set forth below or at such other addresses as the Parties may subsequently designate by written notice given in the manner provided in this section:

Foundation: THE UNIVERSITY OF IDAHO FOUNDATION, INC.
 Attn: Executive Director
 P.O. Box 443150
 Moscow, Idaho 83844-3150

University: THE REGENTS OF THE UNIVERSITY OF IDAHO

Attn: Vice President of Finance and Administration
P.O. Box 443168
Moscow, Idaho 83844-3168

Copy to: Office of the University Counsel
P.O. Box 443158
Moscow, Idaho 83844-3158

Forest Service: ROCKY MOUNTAIN RESEARCH STATION
Attn: Marcia Patton-Mallory, Station Director
2150 Centre Avenue, Building A
Fort Collins, CO 80526-1891

Copy to: U.S. Department of Agriculture, Office of the General Counsel
Attn: Kenneth D. Paur
507 25th St.
Ogden, UT 84401

4.9 Rights and Remedies Cumulative.

Except as otherwise expressly stated in this Agreement or in the Related Agreements, the rights and remedies of the Parties are cumulative, and the exercise by any Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default or any other default by the other Party. In the event of a default, the Parties have all of the rights and remedies afforded in law or in equity, except as provided herein to the contrary.

4.10 Third-Party Beneficiaries.

Except as expressly provided in this Agreement or in the Related Agreements, the provisions of this Agreement and the Related Agreements are intended solely for the benefit of the Parties and shall create no rights or obligations enforceable by any third party, except as otherwise provided by applicable law.

4.11 Integration; Waivers.

This Agreement and the Related Agreements constitute the entire agreement between the Parties with respect to the matters covered herein and therein and supersedes all prior agreements between them, written or oral. This Agreement and the Related Agreements may be modified only in writing signed by all signatories. Any waivers hereunder or thereunder must be in writing. No waiver of any right or remedy in the event of default hereunder or thereunder shall constitute a waiver of such right or remedy in the event of any subsequent default.

4.12 Severability.

If any term or provision of this Agreement shall, to any extent be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law; and it is the intention of the Parties hereto that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, the provision shall have the meaning which renders it valid.

4.13 Force Majeure.

Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefore, governmental restrictions, governmental regulations, governmental controls (including extraordinary or unreasonable delays in entitlement review and approvals), enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the Party obligated to perform (except for financial ability), shall excuse the performance, except for the payment of money, by such Party for a period equal to any such prevention, delay or stoppage.

4.14 Exhibits.

Each of the Exhibits to this Agreement is incorporated into this Agreement as if the terms thereof were fully set forth herein.

4.15 Counterparts. This Agreement may be executed in two or more separate or multiple counterparts, each of which shall be deemed an original and which shall be effective, even if not all parties shall have executed the same counterpart; but all such counterparts shall together evidence and constitute a single agreement.

[Signature Page Follows]

The Parties have executed this Agreement effective as of the date first set forth above.

“Foundation”

THE UNIVERSITY OF IDAHO FOUNDATION, INC.,
an Idaho nonprofit corporation

By: _____

“University”

THE REGENTS OF THE UNIVERSITY OF IDAHO,
an Idaho constitutional corporation,

By: _____
Authorized Official

“Forest Service”

UNITED STATES OF AMERICA, acting by and through the
FOREST SERVICE, DEPARTMENT OF AGRICULTURE

By: _____
Marcia Patton-Mallory
Station Director
Rocky Mountain Research Station
United States Department of Agriculture
Forest Service

The Idaho State Building Authority hereby consents to and approves the terms of the foregoing Agreement.

IDAHO STATE BUILDING AUTHORITY,

By: _____

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EXHIBIT A
LEGAL DESCRIPTION OF THE BOISE LAB SITE
BOISE LAB SITE – LEGAL DESCRIPTION

Lots 7 through 19, inclusive in Block 1 and Lots 3 through 22, inclusive in Block 6 of PARK VIEW ADDITION, according to the Official Plat thereof, filed in Book 7 of Plats at Page(s) 322, records of Ada County, Idaho.

ALSO a portion of the vacated alley lying Northerly and adjacent to Block 1, as vacated by Ordinances recorded July 26, 1949 as Instrument Nos. 289085 and 289089.

ALSO

COMMENCING at the Southeasterly corner of Lot 7 in Block 1 of PARK VIEW ADDITION to Boise, Ada County, Idaho, and running Westerly along the Northerly line of Broad Street to the Southwesterly corner of Lot 16 in said Block 1; thence Southerly in a straight line to the Northwesterly corner of Lot 12 in said Block 6; thence Easterly along the Southerly line of Broad Street to the Northeasterly corner of Lot 3 in said Block 6; thence Northerly in a straight line to the PLACE OF BEGINNING.

ALSO

That portion of the alley in said Block 6 bounded and described as follows:

COMMENCING at the Southeasterly corner of Lot 3 in said Block 6; thence Westerly along the Northerly line of the alley in said Block 6 to the Easterly line of Avenue B; thence Southerly along the Easterly line of Avenue B to the Southerly line of the alley in said Block 6; thence Easterly along the South line of the alley in said Block 6 to the Northeasterly corner of Lot 22 in said Block 6; thence Northerly in a straight line to the PLACE OF BEGINNING.

All in PARK VIEW ADDITION to Boise City, Ada County, Idaho, according to the Official Plat thereof, filed in Book 7 of Plats at Page(s) 322, records of Ada County, Idaho.

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EXHIBIT B
BOISE LABORATORY REPLACEMENT ACT OF 2000

Sec. 351. Boise Laboratory Replacement Act of 2000.

(a) Short Title.--This section may be cited as the “Boise Laboratory Replacement Act of 2000”.

(b) Findings and Purpose.—

(1) Findings.--Congress finds that—

- (A) the existing facilities of the Rocky Mountain Research Station Boise laboratory are outdated and no longer serve as a modern research facility;
- (B) the Boise laboratory site is in the heart of a Boise city redevelopment zone, and the existing laboratory facilities detract from community improvement efforts;
- (C) it is desirable to co-locate the Boise laboratory with one of the State institutions of higher learning in the Boise metropolitan area—
 - (i) to facilitate communications and sharing of research data between the agency and the Idaho scientific community;
 - (ii) to facilitate development and maintenance of the Boise laboratory as a modern, high quality research facility; and
 - (iii) to reduce costs, better use assets, and better serve the public; and
- (D) It is desirable to make the Boise laboratory site available for inclusion in a planned facility that is being developed on adjacent property by the University of Idaho or the University of Idaho

[[Page 114 STAT. 1005]]

Foundation, a not-for-profit corporation acting on behalf of the University of Idaho, as a multiagency research and education facility to serve various agencies and educational institutions of the United States and the State.

(2) Purpose.--The purpose of this section is to authorize the Secretary —

- (A) to sell or exchange the land and improvements currently occupied by the Boise laboratory site; and
- (B) to acquire land, facilities, or interests in land and facilities, including condominium interests, to co-locate the Rocky Mountain Research Station

Boise laboratory with one of the State institutions of higher learning in the Boise metropolitan area, using—

- (i) funds derived from sale or exchange of the existing Boise laboratory site; and
- (ii) to the extent the funds received are insufficient to carry out the acquisition of replacement research facilities, funds subsequently made available by appropriation for the acquisition, construction, or improvement of the Rocky Mountain Research Station Boise laboratory.

(c) Definitions.--In this section:

- (1) Boise laboratory site.--The term “Boise laboratory site” means the approximately 3.26 acres of land and all improvements in section 10, T. 3 N., R. 2 E., Boise Meridian, as depicted on that Plat of Park View Addition to Boise, Ada County, Idaho, labeled “Boise Lab Site-May 22, 2000”, located at 316 East Myrtle Street, Boise, Idaho.
- (2) Condominium interest.--The term “condominium interest” means an estate in land consisting of (in accordance with law of the State)—
 - (A) an undivided interest in common of a portion of a parcel of real property; and
 - (B) a separate fee simple interest in another portion of the parcel.
- (3) Fair market value.--The term “fair market value” means the cash value of land on a specific date, as determined by an appraisal acceptable to the Secretary and prepared in accordance with the Uniform Appraisal Standards for Federal Land Acquisitions.
- (4) Secretary.--The term “Secretary” means the Secretary of Agriculture.
- (5) State.--The term “State” means the State of Idaho.

(d) Sale or Exchange of Boise Laboratory Site.—

- (1) In general.--The Secretary may, under such terms and conditions as the Secretary may prescribe and subject to valid existing rights, sell or exchange any or all right, title, and interest of the United States in and to the Boise laboratory site.
- (2) Right of first refusal.—
 - (A) In general.--After a determination of fair market value of the Boise laboratory site is approved by the Secretary, the University of Idaho or the

University of Idaho Foundation, a not-for-profit organization acting on behalf of the University of Idaho, shall be allowed 210 days from the effective date of value to exercise a

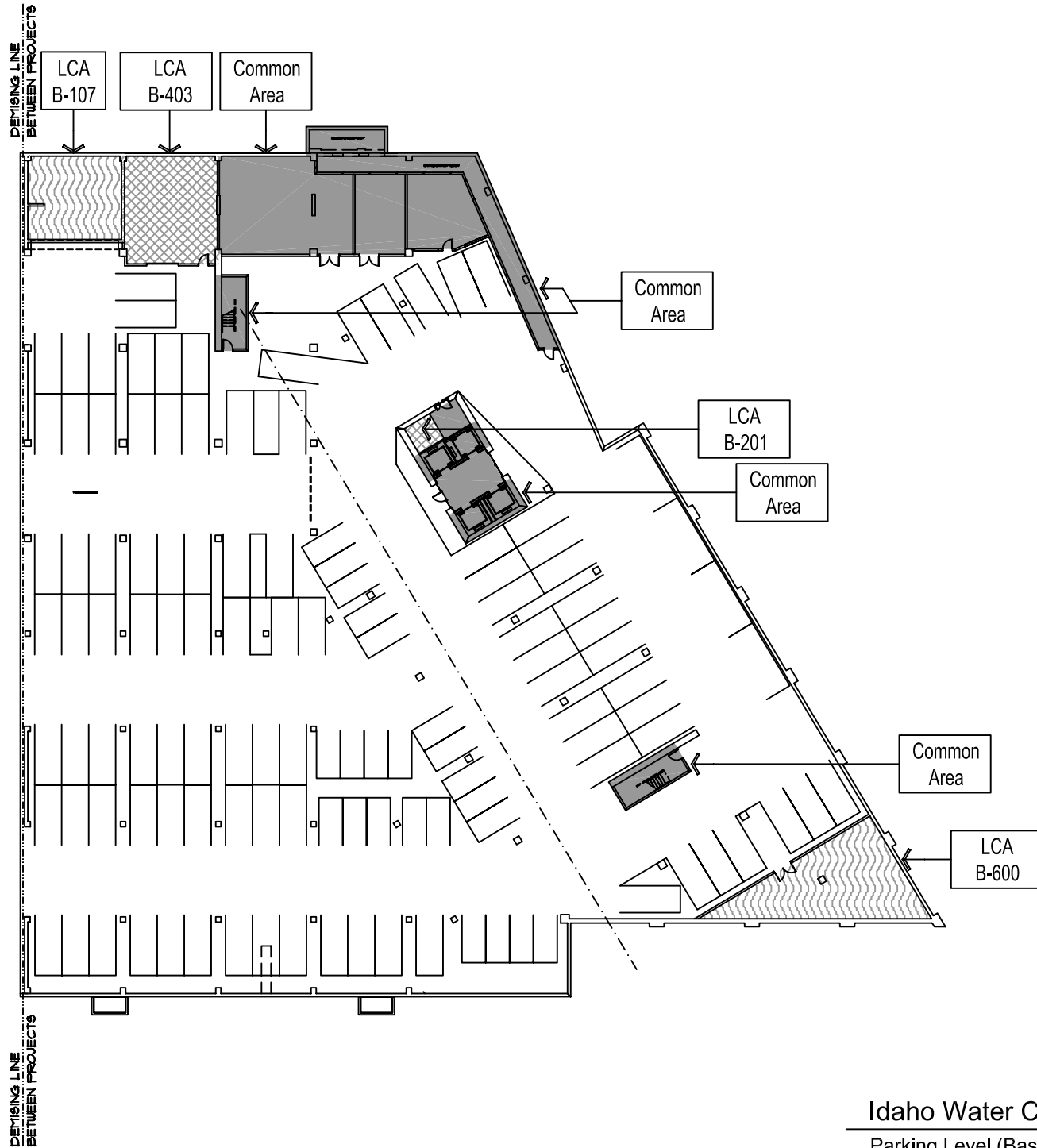
[[Page 114 STAT. 1006]]

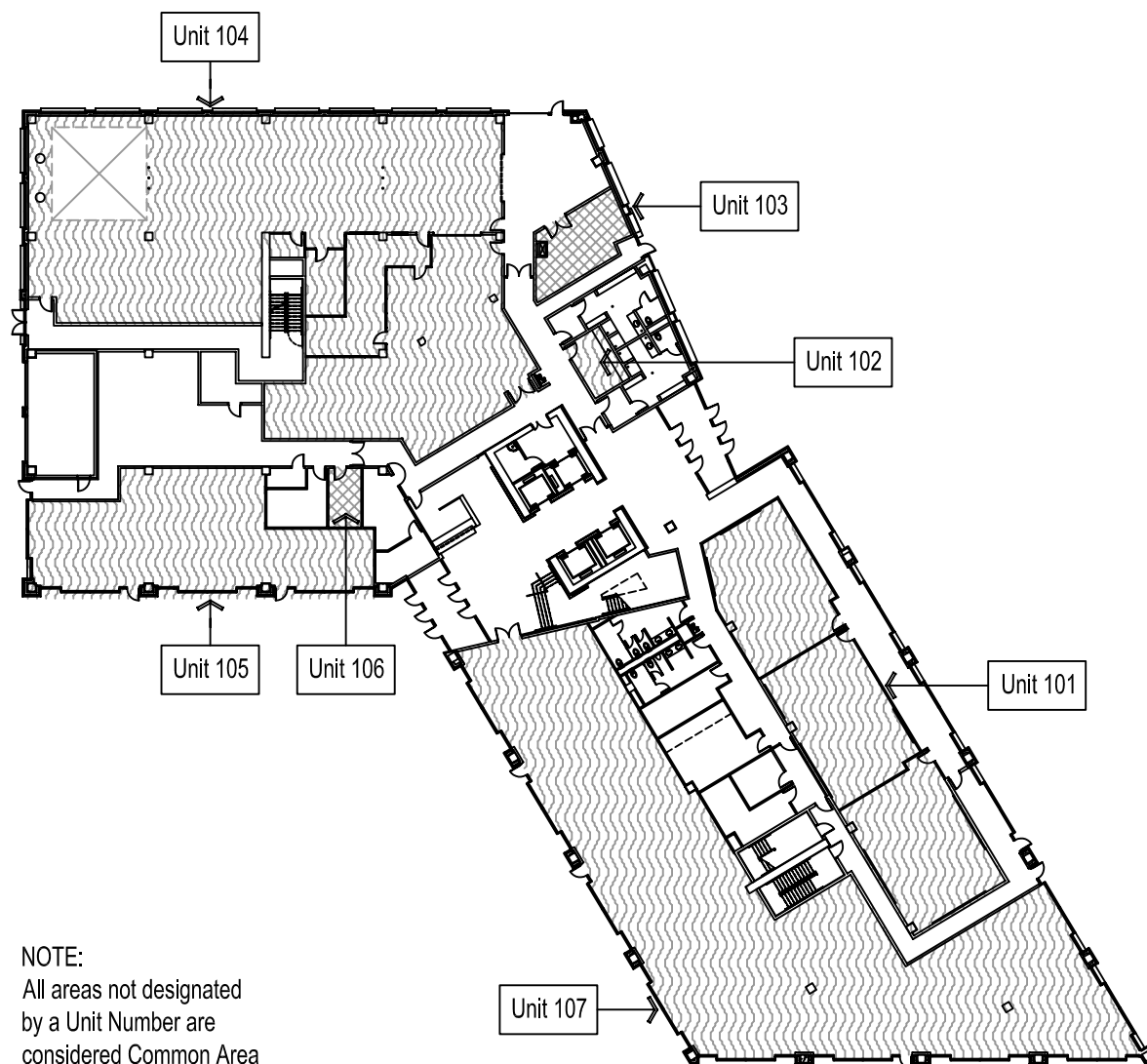
right of first refusal to purchase the Boise laboratory site at fair market value.

- (B) Cooperative development.--If the University of Idaho or the University of Idaho Foundation exercises the right of first refusal under paragraph (A), to accomplish the purpose described in section (b)(2)(B), the Secretary shall, to the maximum extent practicable, cooperate with the University of Idaho in the development of a multiagency research and education facility on the Boise laboratory site and adjacent property.
- (3) Solicitation of offers.--If the right of first refusal described in subsection (d)(2) is not exercised, the Secretary may solicit offers for purchase through sale or competitive exchange of any and all right, title, and interest of the United States in and to the Boise laboratory site.
- (4) Consideration.--Consideration for sale or exchange of land under this subsection--
 - (A) shall be at least equal to the fair market value of the Boise laboratory site; and
 - (B) may include land, existing improvements, or improvements to be constructed to the specifications of the Secretary, including condominium interests, and cash, notwithstanding section 206(b) of Federal Land Policy and Management Act of 1976 (43 U.S.C. 1716(b)).
- (5) Rejection of offers.--The Secretary may reject any offer made under this subsection if the Secretary determines that the offer is not adequate or not in the public interest.
- (e) Disposition of Funds.--
 - (1) Deposit of proceeds.--The Secretary shall deposit the proceeds of a sale or exchange under subsection (d) in the fund established under Public Law 90-171 (16 U.S.C. 484a) (commonly known as the "Sisk Act").
 - (2) Use of proceeds.--Funds deposited under subsection (a) shall be available to the Secretary, without further Act of appropriation, for—
 - (A) the acquisition of or interest in land, or the acquisition of or construction of facilities, including condominium interests—

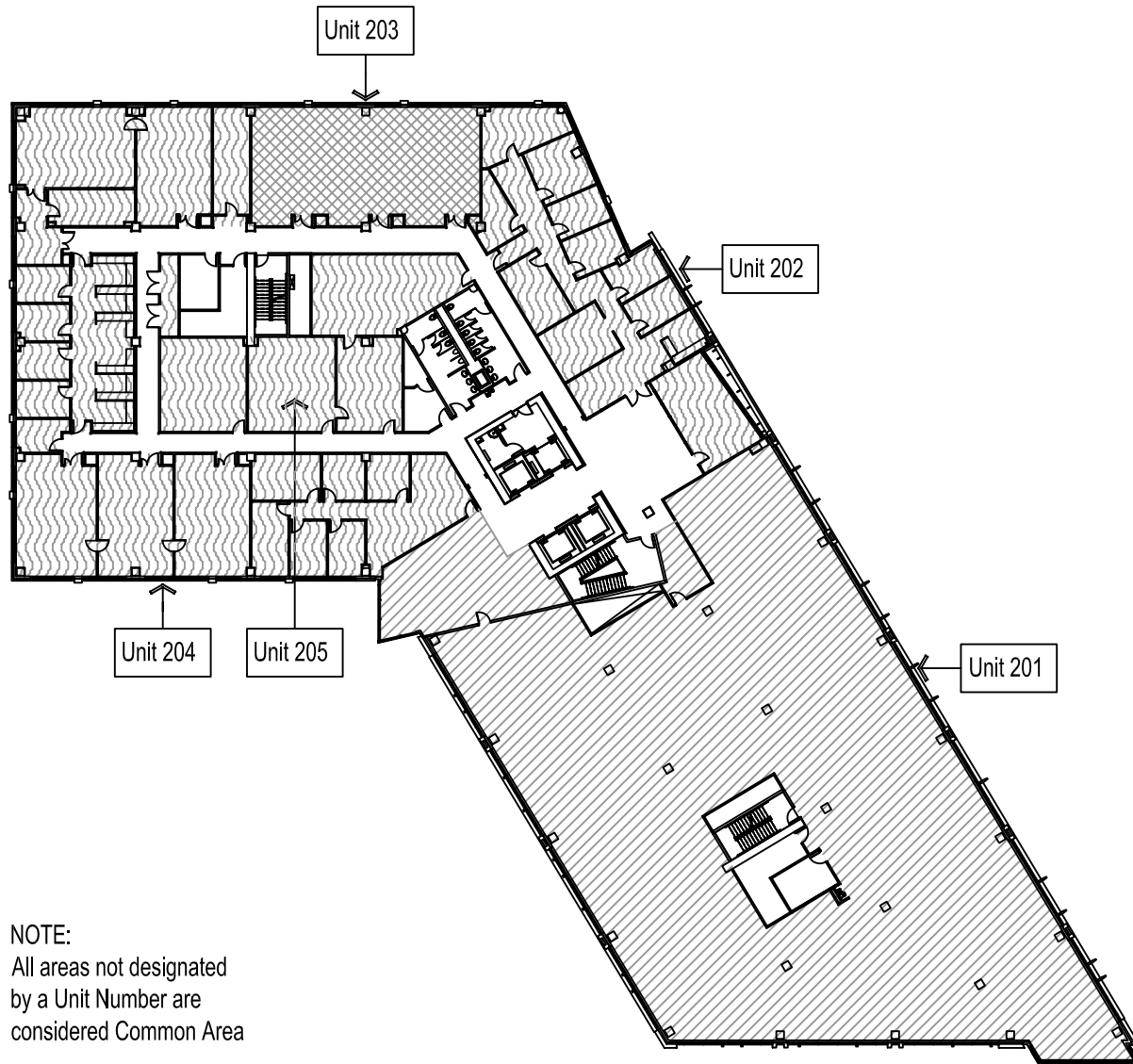
- (i) to co-locate the Boise laboratory with one of the State institutions of higher learning in the Boise metropolitan area; and
 - (ii) to replace other functions of the Boise laboratory; and
- (B) to the extent the funds are not necessary to carry out paragraph (A), the acquisition of other land or interests in land in the State.

EXHIBIT C
FORM OF IDAHO WATER CENTER CONDOMINIUM PLAT

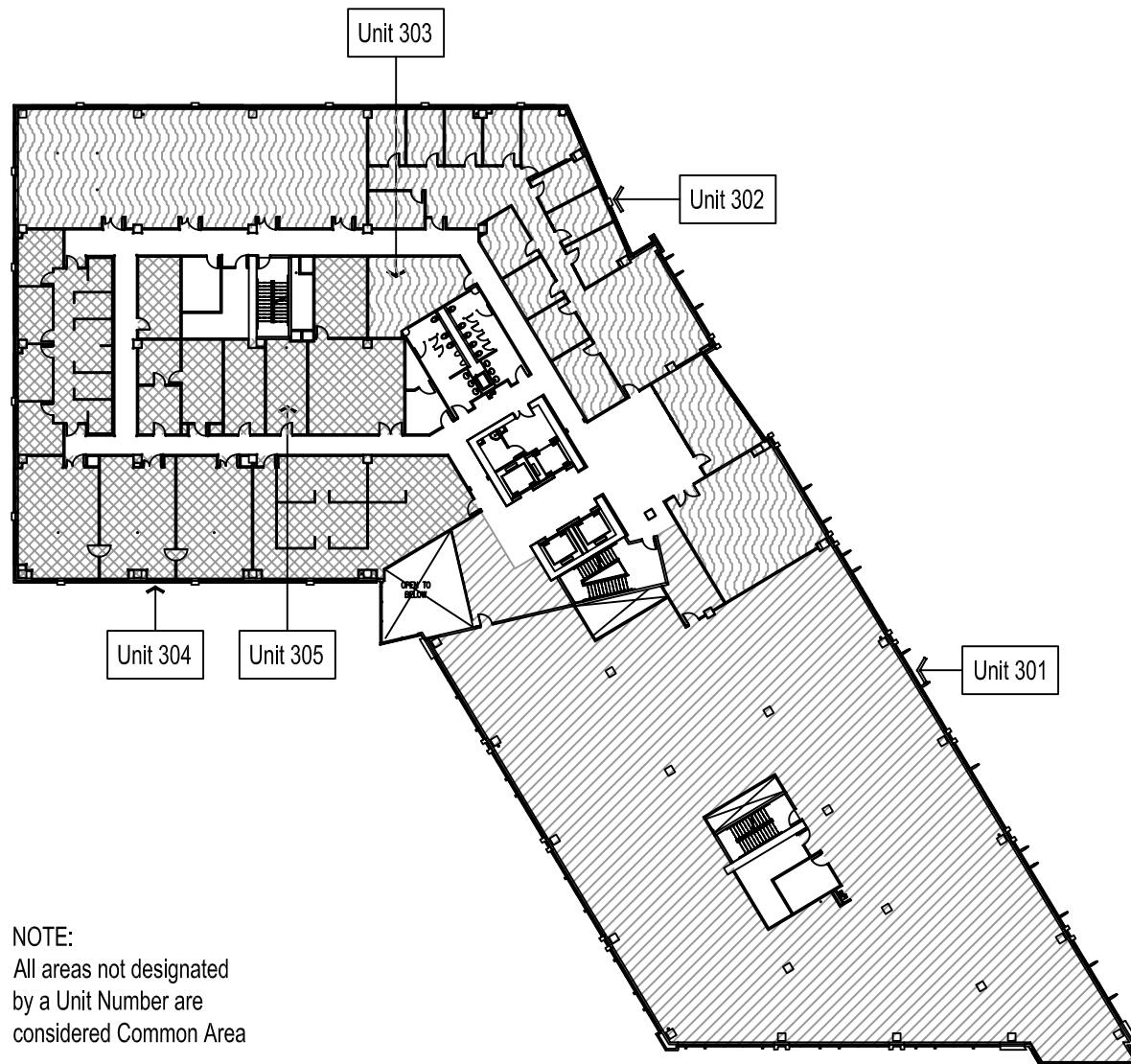




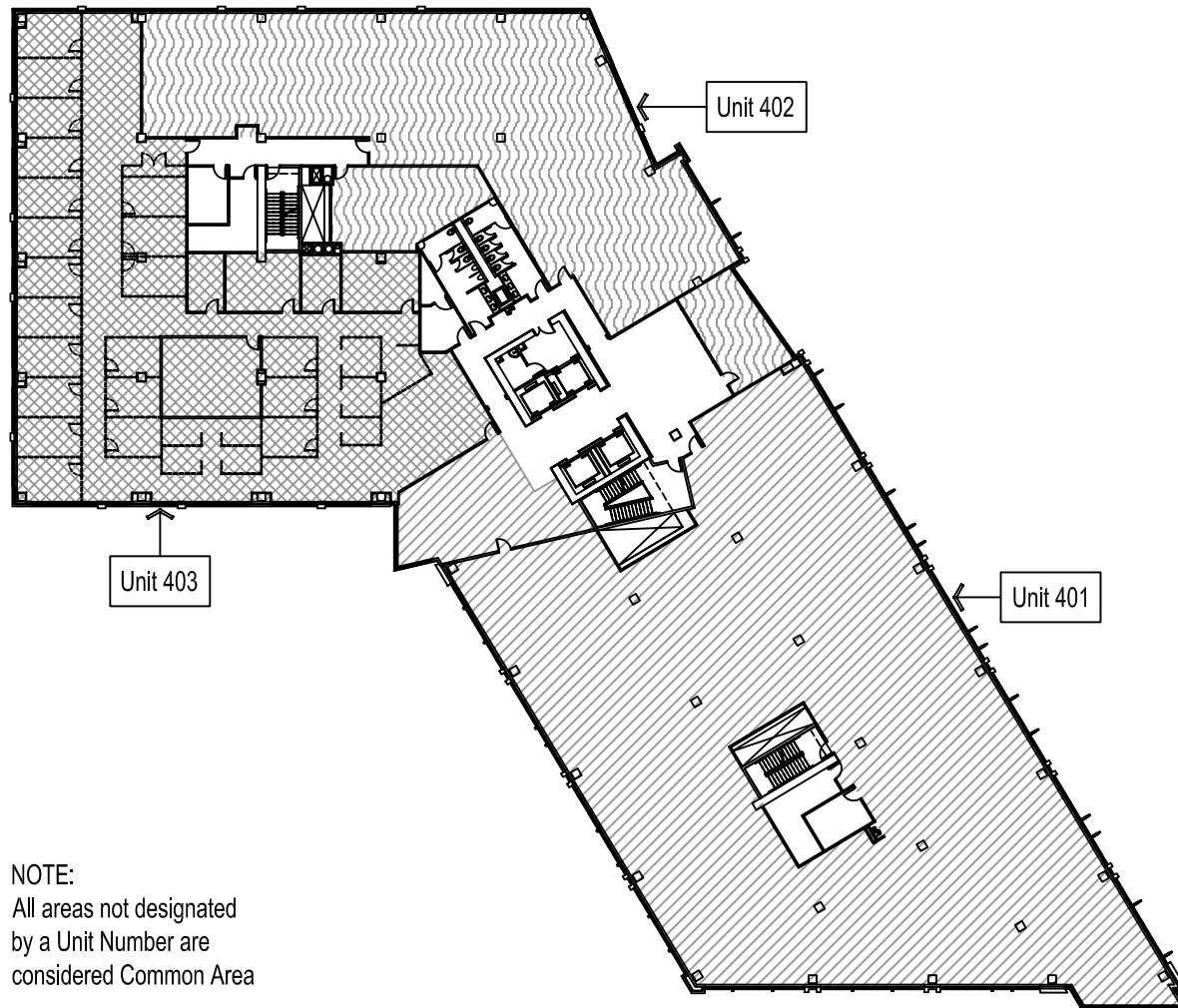
NOTE:
All areas not designated
by a Unit Number are
considered Common Area



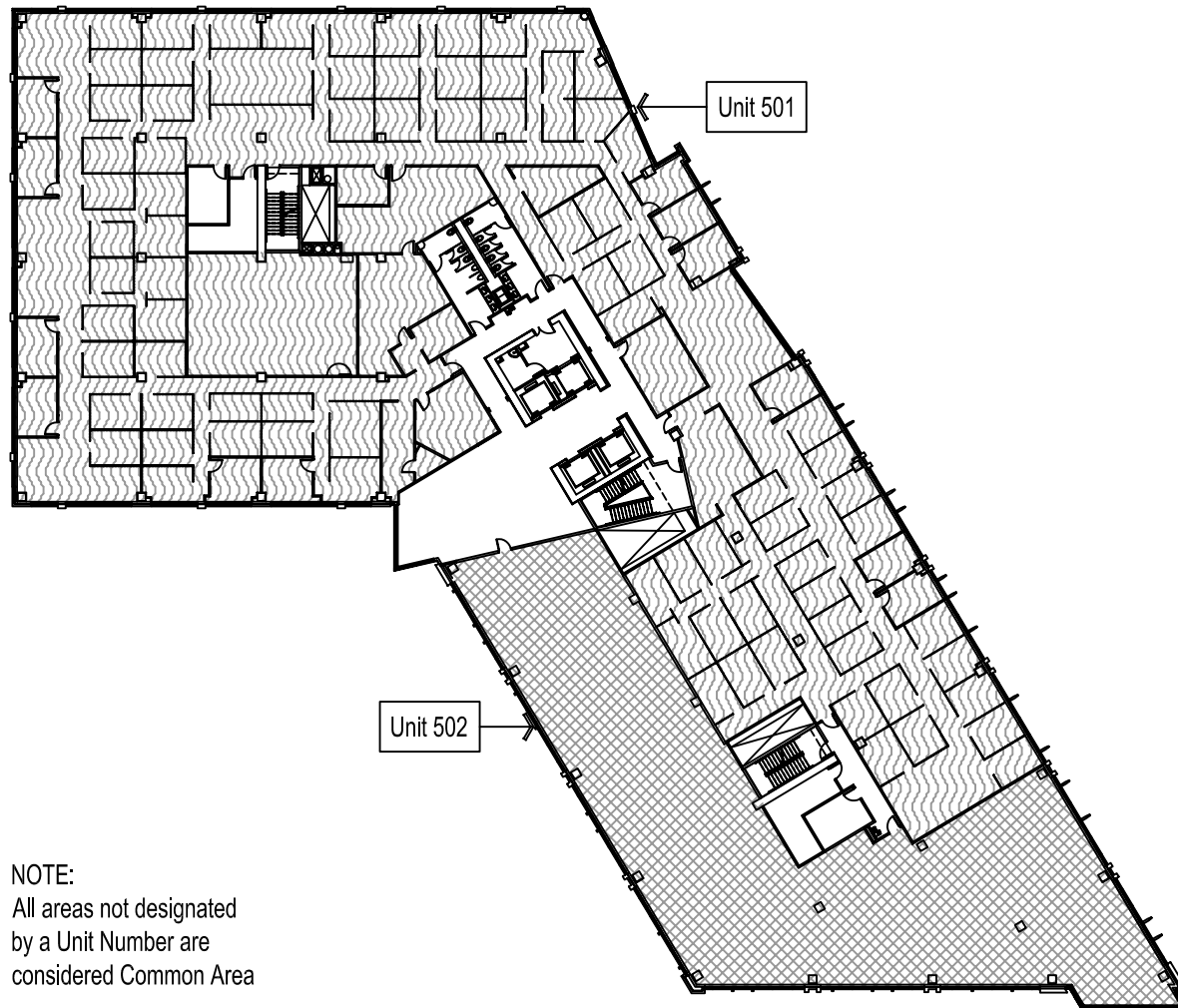
NOTE:
All areas not designated
by a Unit Number are
considered Common Area



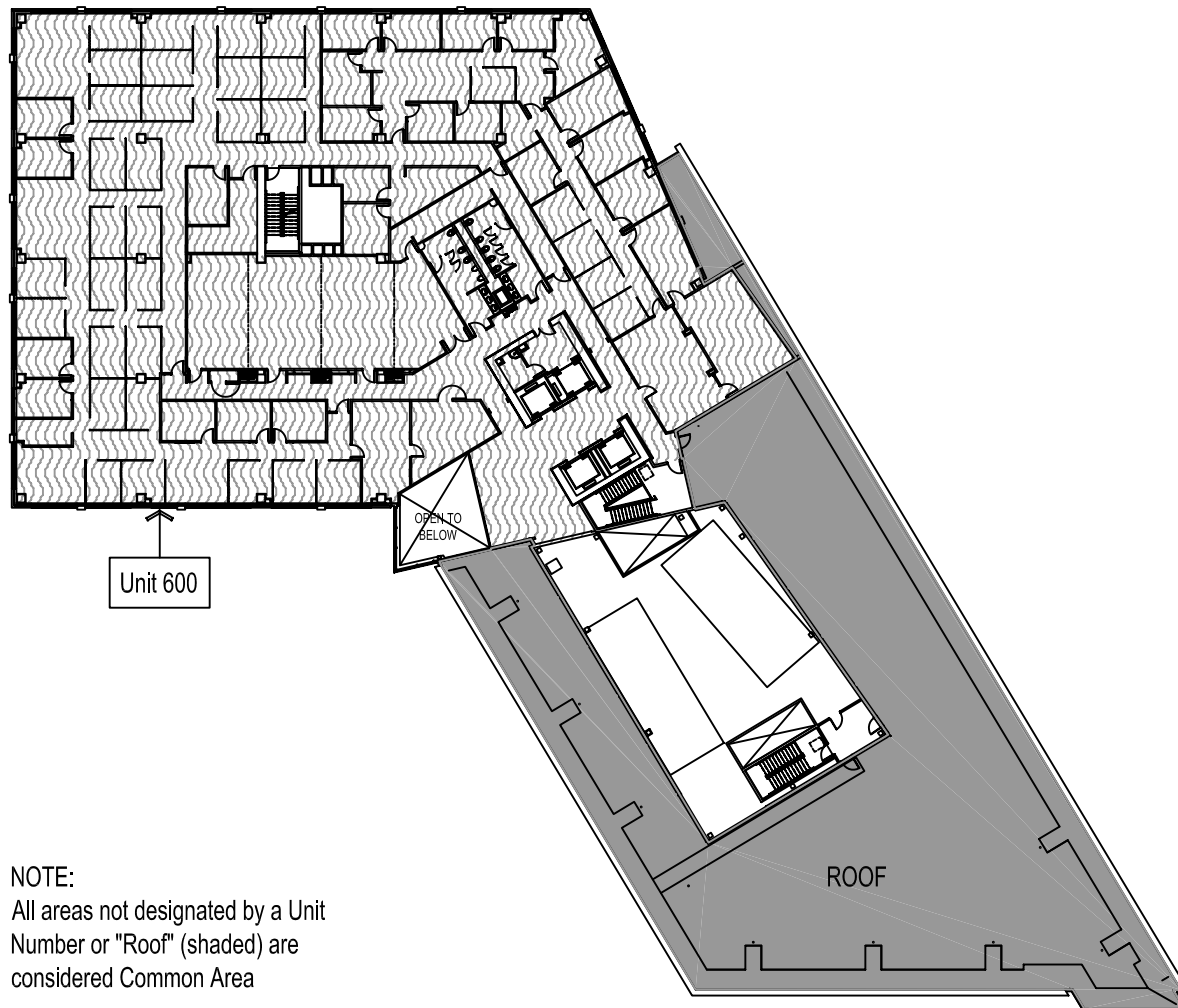
NOTE:
All areas not designated
by a Unit Number are
considered Common Area



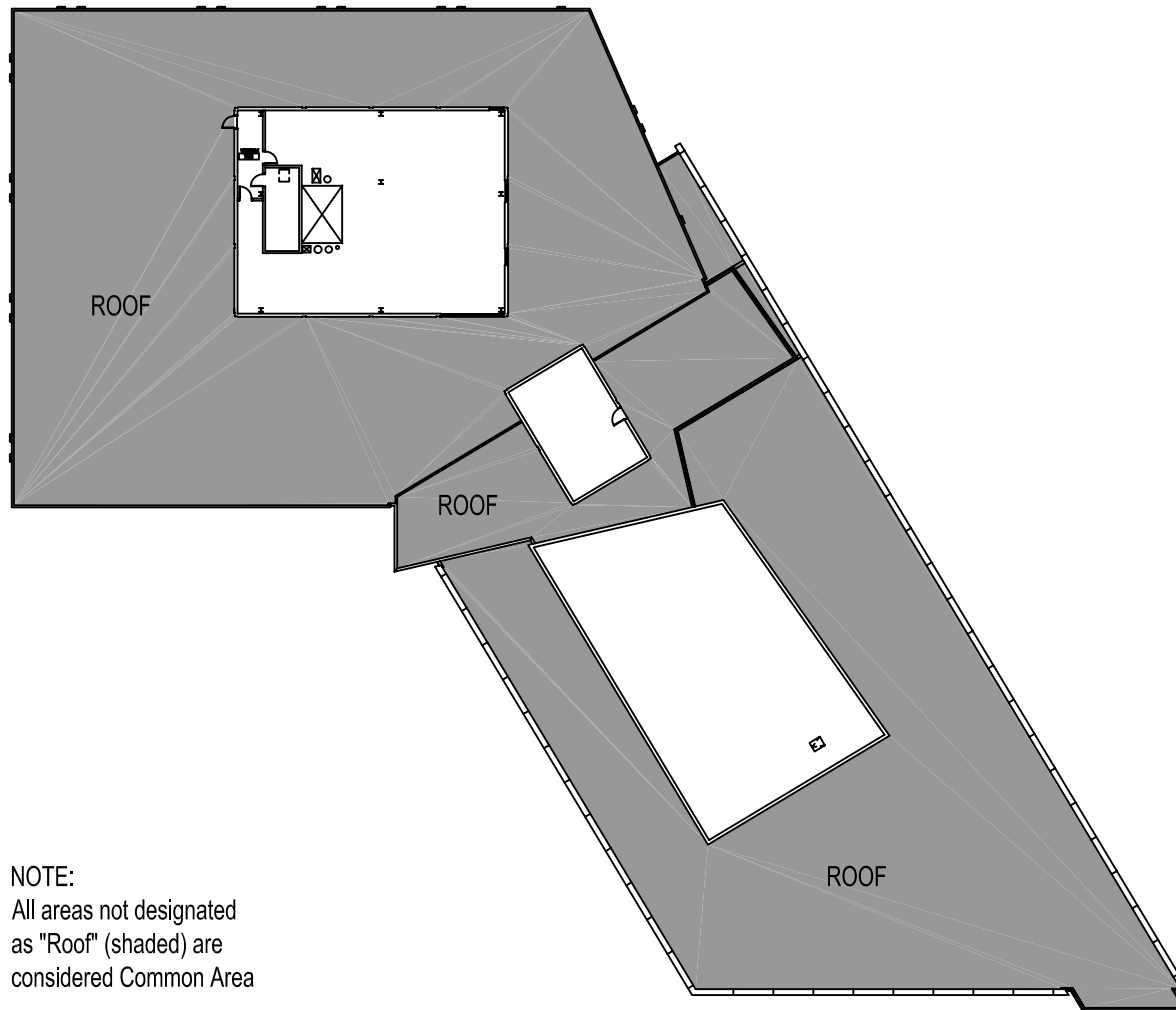
NOTE:
All areas not designated
by a Unit Number are
considered Common Area



NOTE:
All areas not designated
by a Unit Number are
considered Common Area



NOTE:
All areas not designated by a Unit
Number or "Roof" (shaded) are
considered Common Area



NOTE:
All areas not designated
as "Roof" (shaded) are
considered Common Area

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EXHIBIT D
PARKING LICENSE AGREEMENT

PARKING LICENSE AGREEMENT

This Irrevocable Parking License (“Agreement”) dated June 1, 2004 for reference only and being effective as of the date of the latest signature as indicated below, between the **Regents of the University of Idaho**, a state educational institution and a body politic and corporate organized and existing under the Constitution and laws of the State of Idaho (“Licensor”) and **United States of America**, acting by and through the **Forest Service, Department of Agriculture** (“Licensee”).

BASIC PROVISIONS.

The following basic provisions are a part of this License:

Licensor. *The Board of Regents of the University of Idaho is the “Licensor”.*

Licensee. *The United States of America, acting by and through the Forest Service, Department of Agriculture is the “Licensee”.*

Underlying Lease. *This Agreement is subject to the terms and conditions of the Facilities Lease (Idaho Water Center) (“Lease”) dated December 17, 2002, said Lease being entered into by and between the Idaho State Building Authority and the State of Idaho.*

Underlying Master Lease. *This Agreement is subject to the terms and conditions of the Fleet Parking Lease (“Master Lease”) dated December 17, 2002, said Lease being entered into by and between the Urban Renewal Agency of Boise City, Idaho, aka Capital City Development Corporation and the Idaho State Building Authority and the State of Idaho.*

Premises. *The “Premises” are located within the subterranean parking garage near the Idaho Water Center, 322 E Front St, Boise ID and comprise Civic Plaza Condominium Unit 302B consisting of approximately 3,838 square feet as shown more particularly on the Civic Plaza Condominium Project Plat Amendment No. 1 recorded _____, 2004 as Ada County Instrument No. _____.*

Permitted Use. *The use of the Premises permitted under this Agreement shall be limited to parking and storage of vehicles and equipment related to Licensee’s operations, except as may otherwise be authorized in writing by Licensor (“Permitted Use”).*

GRANT OF PERMANENT LICENSE.

Grant. *Licensor hereby grants to Licensee a permanent, perpetual and irrevocable license in the Premises subject to the terms and conditions of this Agreement (“License”). This*

License is for the benefit of, shall be appurtenant to, and run with, Idaho Water Center Condominium Unit No. 300 and shall not be transferred, pledged or alienated in any way, except upon the transfer of legal and equitable title to said Condominium Unit, and then only to the transferee of such title. Any attempt to make a prohibited transfer shall be null and void. Any transfer of legal and equitable title to said Condominium Unit shall operate automatically to transfer this License to the new Owner thereof. If Licensee should transfer ownership of said Condominium Unit, then effective upon such transfer, Licensors shall be released and discharged from any and all further obligations and responsibilities under this Agreement (except those already accrued) upon written assent by the transferee of Licensee to the terms of this Agreement.

USE OF PREMISES.

Licensee's Use of Premises. *The Premises shall be occupied and used by Licensee only for the Permitted Use and for no other purpose. Licensee will not commit waste on the Premises, nor will it disfigure or deface any part of the Premises, including fixtures.*

Licensee's Obligations. *Licensee shall provide its own custodial and maintenance services sufficient to maintain the Premises in presentable condition consistent with the level of services provided elsewhere in the subterranean garage. All maintenance and repairs to the Premises including, without limitation, the floor surface and perimeter fencing, will be performed by Licensee or Licensee's contractor.*

Utilities. *Licensors shall be responsible for and shall promptly pay all charges, when due, for water, electricity, and any other utility or other service used upon or furnished to the Premises. Licensors shall not be liable in damages or otherwise for any failure or interruption of (i) any utility service being furnished to the Premises, or (ii) any heating, ventilating and air conditioning system.*

Signs. *No permanent signs shall be affixed to the Premises, without Licensors' prior written consent, which consent may be withheld, delayed or conditioned as Licensors may elect in Licensors' discretion. All signs placed or maintained on the Premises shall comply with all applicable ordinances and public regulations.*

Modification to Premises by Licensee. *Licensee shall neither make nor undertake any modification or improvement to the Premises unless and except Licensors has given its prior written consent, which consent shall not be unreasonably withheld. In all events, Licensee shall supply Licensors with a complete set of construction drawings for Lessor's review and approval at least sixty (60) days prior to Licensee's proposed commencement of any construction work or other modification.*

Hazardous Material Use. *Licensee shall refrain from causing or permitting any Hazardous Material to be brought upon, kept, used, disposed, or discharged, in, on, from or about the Premises by its agents, employees, contractors, customers, clients, guests or invitees except as incidental to Licensee's permitted use of the Premises, and only in quantities that are less than the quantities that are required to be reported to governmental or other authorities under applicable law or regulations. Licensors shall comply with all applicable laws and regulations regulating the use, reporting, storage, discharge and disposal of Hazardous Material. As used in the Agreement,*

the term “Hazardous Material” means any hazardous or toxic substance, material or waste that is or becomes regulated by any federal, state or local governmental authority or political subdivision. The term “Hazardous Material” includes, without limitation, any material or substance that is (i) defined as a “hazardous substance” under applicable law, (ii) petroleum, (iii) asbestos, (iv) polychlorinated biphenyl (“PCB”), (v) designated as a “hazardous substance” pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. §1321), (vi) defined as a “hazardous waste” pursuant to Section 1004 of the Solid Waste Disposal Act (42 U.S.C. §6903), (vii) defined as a “hazardous substance” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9601), (viii) defined as a “regulated substance” pursuant to Section 9001 of the Solid Waste Disposal Act (Regulation of Underground Storage Tanks), 42 U.S.C. §6991, (ix) considered a “hazardous chemical substance and mixture” pursuant to Section 6 of the Toxic Substance Control Act (15 U.S.C. § 2605), or (x) defined as a “pesticide” pursuant to Section 2 of the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. § 136).

Real and Personal Property Taxes. *The parties understand and agree the Licensee is exempt from ad valorem taxes. If in the future, the Licensee or the Licensee’s property, either real or personal, becomes subject to such taxes, Licensee shall be responsible for (i) any real property taxes levied on the Premises, and (ii) any personal property taxes levied against the Licensee’s personal property.*

Covenant Against Liens. *Licensee will not directly or indirectly create or cause to be created or to remain, and will promptly discharge, at Licensee’s sole expense, any mechanics’ lien or similar lien against the Premises which is created or caused to be created by Licensee’s work on the Premises. Licensee has no authority or power to cause or permit any mechanics’ lien or similar lien created by act of Licensee, operation of laws, or otherwise to attach to or be placed upon Licensor’s interest in the Premises. Any lien against the Premises shall attach only to Licensee’s interest in the Premises. Licensee may contest, at Licensee’s sole expense, any lien, and the lien may remain pending resolution of the challenge. Licensee shall indemnify and hold Licensor harmless from any and all loss, damage or expense occasioned by the lien and shall provide such security as Licensor may reasonably demand. If the lien is adjudged to be valid, Licensee shall promptly pay and discharge the lien.*

CHANGES IN THE PARTIES.

Relationship of Parties. *Nothing contained in this Agreement shall be construed as creating the relationship of principal or agent, partnership or joint venture.*

Estoppel Certificate. *From time to time upon not less than thirty (30) business days prior written request by a party, the other party will deliver to the requesting party a certificate in writing stating (i) that this Agreement is unmodified and in full force and effect (or that the Agreement as modified is in full force and effect, describing the modifications), and (ii) that the requesting party is not in default under any provision under this Agreement (or, if in default, the nature of the default). If the party shall fail to respond within thirty (30) business days of receipt the written request for the estoppel certificate, the party shall be deemed to have given the certificate without modification.*

LOSS AND DAMAGE TO PREMISES.

Licensee's Own Risk. Licensee covenants and agrees that neither Licensor nor its agents shall be liable in any way for personal injuries or property damages sustained by Licensee, its employees, visitors, or by any occupant of the Premises, or by any other persons or organizations claiming through Licensee, resulting from the condition, state of repair, or use of the Premises, or any part thereof, or of any equipment therein or appurtenances thereto.

Lessee's Insurance. No insurance is provided by Licensor for Licensee's personal property. Licensee shall be solely responsible for insurance coverage, if any, on personal property, of every kind or nature, located on the Premises. Licensee waives all rights on insurance purchased by the Licensor (if any).

Damage or Destruction of Premises. In the event of damage to or destruction of the Premises by fire or other casualty, Licensee shall have the same rights, options and obligations as if the Premises were a condominium unit in the Idaho Water Center Condominium Project.

GENERAL PROVISIONS.

Notices. All notices of any kind and for any purpose under this Agreement shall be in writing and shall be deemed to be delivered on the date of delivery if delivered in person or by fax, or on the date of receipt if delivered by U.S. Mail or express courier. Proof of delivery shall be by affidavit of personal delivery, machine generated confirmation of fax transmission, or return receipt issued by U.S. Postal Service or express courier. Notices shall be addressed to the address set forth below:

Licensee:

ROCKY MOUNTAIN RESEARCH STATION
Attn: Marcia Patton-Mallory, Station Director
2150 Centre Avenue, Building A
Fort Collins, CO 80526-1891

Copy to: U.S. Department of Agriculture, Office of the General Counsel
Attn: Kenneth D. Paur
507 25th St.
Ogden, UT 84401

Licensor:

Regents of the University of Idaho

Vice President for Finance and Administration

PO Box 443168

Moscow ID 83844-3168

Phone (208) 885-6174

Fax (208) 885-5504

Termination. *The License shall terminate only upon the mutual written agreement of Licensor and Licensee.*

Interpretation. *The law of the State of Idaho shall govern this Agreement.*

Complete Agreement. *This Agreement constitutes the entire, completely integrated agreement among the parties and supersedes all prior memoranda, correspondence, conversations and negotiations concerning the subject matter.*

Amendment. *This Agreement may only be amended or modified by written instrument signed by the parties.*

Amendment. *This Agreement may only be amended or modified by written instrument signed by the parties.*

Third-Party Beneficiaries. *Except as expressly provided in this Agreement or in the Related Agreements, the provisions of this Agreement and the Related Agreements are intended solely for the benefit of the Parties and shall create no rights or obligations enforceable by any third party, except as otherwise provided by applicable law.*

Severability. *If any term or provision of this Agreement shall, to any extent be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law; and it is the intention of the Parties hereto that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, the provision shall have the meaning which renders it valid.*

The Parties have executed this Agreement effective as of the date the latest signature below.

THE REGENTS OF THE UNIVERSITY OF IDAHO,
an Idaho constitutional corporation,

Dated: _____

By: _____
Authorized Officer

UNITED STATES OF AMERICA, acting by and through
the FOREST SERVICE, DEPARTMENT OF
AGRICULTURE

Dated: _____

By: _____
Marcia Patton-Mallory, Station Director
Rocky Mountain Research Station
United States Department of Agriculture
Forest Service

CONSENT, NON-DISTURBANCE, AND ATTORNMENT AGREEMENT

The Licensee and the Idaho State Building Authority (“ISBA”), as Lessor under the Lease identified above in Section 1.3 of the foregoing Parking License Agreement, hereby mutually covenant and agree as follows:

1. **Non-Disturbance.** ISBA consents to the foregoing Parking License Agreement and, in the event of termination of the Lease, or in the event ISBA comes into possession or acquires title to the Premises, ISBA agrees to recognize Licensee and further agrees that Licensee shall not be disturbed in its possession of the Premises.

2. **Attornment.** Licensee agrees that if ISBA shall succeed to the interest of Licensor in the Premises, Licensee shall be bound to ISBA under all of the terms, covenants and conditions of the Parking License Agreement with the same force and effect as if ISBA were the Licensor under the Parking License Agreement, and Licensee does hereby attorn to ISBA as its Licensor, said attornment to be effective and self-operative without the execution of any further instruments on the part of any of the parties hereto immediately upon ISBA succeeding to the interest of the Licensor in the Premises.

3. **Release.** Licensee agrees that if ISBA shall succeed to the interest of Licensor under the Parking License Agreement, ISBA shall not be (a) liable for any action or omission of any prior Licensor under the Parking License Agreement, or (b) liable for or incur any obligation with respect to any breach of warranties or representations of any nature under the Parking License Agreement or otherwise, including, without limitation, any warranties, or representations respecting use, habitability and/or fitness for any purpose.

IDAHO STATE BUILDING AUTHORITY,

Dated: _____

By: _____

STATE OF IDAHO)

: ss.

County of _____)

On this _____ day of April, 2005, before me, the undersigned, a notary public in and for said county and state, personally appeared JAY KENTON, known or identified to me to be the VP of Finance and Administration, of THE REGENTS OF THE UNIVERSITY OF IDAHO, an Idaho constitutional corporation, the corporation that executed the instrument, or the person who executed the instrument on behalf of said corporation, and acknowledged to me that said corporation executed the same.

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

Notary Public for Idaho

Residing at: _____

My Commission expires: _____

STATE OF _____)

: ss.

County of _____)

On this _____ day of April, 2005, before me, the undersigned, a notary public in and for said county and state, personally appeared MARCIA PATTON-MALLORY, known or identified to me to be the Station Director, of UNITED STATES OF AMERICA, acting by and through the FOREST SERVICE, DEPARTMENT OF AGRICULTURE, the corporation that executed the instrument, or the person who executed the instrument on behalf of said corporation, and acknowledged to me that said corporation executed the same.

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

STATE OF IDAHO)

 : ss.

County of _____)

Notary Public for _____
Residing at: _____
My Commission expires: _____

On this _____ day of April, 2005, before me, the undersigned, a notary public in and for said county and state, personally appeared _____, known or identified to me to be _____, of IDAHO STATE BUILDING AUTHORITY , the corporation that executed the instrument, or the person who executed the instrument on behalf of said corporation, and acknowledged to me that said corporation executed the same.

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

Notary Public for Idaho
Residing at: _____
My Commission expires: _____

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EXHIBIT E
PARKING ACCESS AGREEMENT

PARKING ACCESS AGREEMENT

by and between

URBAN RENEWAL AGENCY OF BOISE CITY, IDAHO aka
CAPITAL CITY DEVELOPMENT CORPORATION,
an independent public body politic and corporate
constituting a public instrumentality of the State of Idaho

("Agency")

and

REGENTS OF THE UNIVERSITY OF IDAHO,
a state educational institution and body politic and corporate organized and existing under
the Constitution and laws of the State of Idaho

(the "University").

Dated: December 17, 2002

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Exhibits: Exhibit A – Legal Description of the Corridor Site

PARKING ACCESS AGREEMENT

THIS PARKING ACCESS AGREEMENT ("Agreement") is made as of this 17th day of December, 2002 ("Effective Date") by and between the URBAN RENEWAL AGENCY OF BOISE CITY, IDAHO aka CAPITAL CITY DEVELOPMENT CORPORATION, an independent public body politic and corporate constituting a public instrumentality of the State of Idaho ("Agency"), and the REGENTS OF THE UNIVERSITY OF IDAHO, a state educational institution and body politic and corporate organized and existing under the Constitution and laws of the State of Idaho (the "University").

RECITALS

A. Ada County owns that certain 14-acre parcel of land in the City of Boise City, Idaho legally described on Exhibit A, attached hereto and made a part hereof (the "Corridor Site").

B. Pursuant to that certain Master Ground Lease, by and between the Agency and Ada County, dated December 1, 1999, as amended, and that certain Amended and Restated Surplus Ground Lease, by and between Agency and Ada County, dated October 1, 2002, as amended ("Surplus Ground Lease"), Agency has ground leased the entire Corridor Site until February 7, 2098.

C. Agency recognizes that the provision of adequate, convenient and available parking for the owners, tenants and users of the Corridor Site is a critical component of developing the Corridor Site into a commercially viable project. Therefore, Agency has:

(1) Secured ownership and/or control of certain Public Parking Facilities (as defined herein) to serve the Corridor Site;

(2) Entered into certain Parking Covenants (as defined herein) for the Public Parking Facilities to be operated and managed generally in accordance with a public, shared parking regimen, even if Agency no longer owns, leases, licenses or operates the Public Parking Facilities; and

(3) Adopted a Parking Management Plan (as defined herein) that sets certain policies concerning Agency's parking facilities, identifies general parking operations for Agency's parking operator, identifies various types of parking available (short-term, long-term, validated parking, etc.) and the process by which the Agency establishes parking rates.

D. Agency's ability to finance, construct and operate the Public Parking Facilities derives from (i) revenue from tax-increment generated from taxes assessed on real and personal

property located on the Corridor Site and other properties in the River Street-Myrtle Street Urban Renewal Area, and (ii) revenue from parking charges paid by users of the Public Parking Facilities.

E. Pursuant to that certain Acquisition Agreement, dated December 1, 2002, the Idaho State Building Authority, an independent public body corporate and politic of the state of Idaho ("ISBA"), has purchased Unit 101 from Ada County (including the right to use certain limited common area appurtenant to Unit 101) and, pursuant to that certain Fleet Parking Sublease, dated December 1, 2002, ISBA has subleased Units 302A and 302B from Agency.

F. ISBA intends to develop Units 101, 302A and 302B into a research and education facility containing a 216,000 square foot (approximately) office and laboratory building, fleet parking and storage (the "Idaho Water Center") and related improvements.

G. Pursuant to that certain Facilities Lease, dated December 1, 2002, ISBA has leased the Idaho Water Center to the State of Idaho (the "State") acting through the Department of Water Resources ("IDWR") and the University, each of which are state bodies as defined in the Idaho State Building Authority Act (the "Act").

H. The property of ISBA is exempt from taxation or assessment upon any property acquired or used by ISBA under the provisions of the provisions of the Act.

I. The Agency is not financially able to finance, construct or operate the Public Parking Facilities for the benefit of the owners and tenants of the Idaho Water Center and their employees, visitors and customers ("IWC Users") without a capital contribution to help cover the cost of the Public Parking Facilities.

J. To provide adequate parking for the IWC Users, the University desires to secure from Agency, for the benefit of the IWC Users:

(1) A commitment from the Agency that the Public Parking Facilities will have sufficient capacity to serve the commercially reasonable long-term, short-term and visitor parking needs of the Idaho Water Center; and

(2) The right to access and use the Public Parking Facilities upon payment of the Agency's customary parking charges; and.

(3) The right to purchase a certain number of annual parking passes (initially 200) for the employees of state and local governmental entities occupying the Idaho Water Center to access the Public Parking Facilities on a shared parking basis, including, but not limited to, the 2B Garage and 3B Garage, for one (1) Fiscal Year (the "Annual Passes").

K. Agency has agreed to provide the University with the rights set forth in Recital J above in exchange for a payment of \$350,000 per year for thirty years, subject to deductions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the recitals and the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE 1. DEFINITIONS.

“2B Garage” will be located on Units 201B, 201C and 301 of the Civic Plaza Condominiums, and contains approximately 332 parking spaces. The 2B Garage does not include the Fleet Parking.

“3B Garage” is located on the 3A Expansion Parking and Parcel 3B (as defined in the Parking Covenants) and will contain approximately 424 parking spaces.

“Bond Covenants” means those covenants of the Agency regarding the tax exempt financing of the Public Parking Facilities referenced in Article VI of the Parking Management Plan, and the advice of Agency’s bond counsel in the interpretation of applicable tax exempt covenants and restrictions.

“Civic Plaza Condominiums” means the condominium regime which has been created by that certain Plat of the Civic Plaza Condominiums and that certain Declaration of Covenants and Restrictions establishing a plan of condominium ownership for the Civic Plaza Condominiums, recorded in the real property records of Ada County, Idaho on October 9, 2002 as Instrument Nos. 102116493 and 102116495, respectively.

“Corridor Site” shall mean that certain 14-acre parcel of land in the City of Boise City, Idaho legally described on Exhibit A.

“Default Rate” shall have the meaning set forth in Section 6.18.

“Effective Date” shall be the closing of the currently contemplated bond financing for the Idaho Water Center.

“Fleet Parking” will be located in Units 302A and 302B (which will be physically integrated into the same structure as the 2B Garage) and will contain approximately 36 parking spaces.

“Fiscal Year” shall mean the twelve-month period of each year beginning July 1 and ending on the following June 30.

“Forest Service” shall mean United States of America, acting by and through the Forest Service, Department Of Agriculture.

“Idaho Water Center” shall mean that certain research and education facility containing a 216,000 square foot (approximately) office and laboratory building, fleet parking and storage to be constructed on Units 101, 302A and 302B of the Civic Plaza Condominiums, and certain utility facilities, storage and related improvements to be constructed in the limited common area appurtenant to Unit 101 and common area adjacent to Unit 101.

“IDWR” means the Idaho Department of Water Resources, an department of the State of Idaho.

“ISBA” means the Idaho State Building Authority, a public body corporate and politic of the State of Idaho.

“IWC Users” means the owners and tenants of the Idaho Water Center and their employees, visitors and customers.

“Parking Covenants” shall mean those certain Ada County Courthouse Corridor Parking Covenants Encumbering the West Corridor Site and Avenue A Site, dated October 1, 2002, and recorded in the real property records of Ada County, Idaho, on October 8, 2002 as Instrument No. 102115915, as it may be amended from time to time.

“Parking Management Plan” means the Agency’s parking management plan for the Civic Plaza District of the River Street-Myrtle Street Urban Renewal Area adopted by the Agency on April 8, 2002, through the passage of Agency Resolution No. 883.

“Public Parking Facilities” means (i) all parking facilities now or hereafter located on the Corridor Site, including, but not limited to, the 2B Garage, 3B Garage, and interim surface parking lots (to the extent such interim surface lots are owned or controlled by Agency, and subject to County’s existing rights under that certain Agreement Relating to Operation, Maintenance and Management of the Public Parking Facilities, dated May 15, 2002), as they may exist from time to time, (ii) all parking facilities now or hereafter owned, operated or controlled by Agency that are located within 600 feet of the Corridor Site, (iii) and all parking facilities now or hereinafter owned, operated or controlled by Agency that are located in downtown Boise and provided with a shuttle service that transports users of such parking facility to within 600 feet of Unit 101 and back to such parking facility at a convenient frequency (not greater than 15 minute intervals from the hours of 7:00 am to 6:00 pm on business days).

“Unit” means a condominium unit in the Civic Plaza Condominiums, as shown on the plat thereof.

ARTICLE 2. BASIC TERMS.

2.1. Agency's Covenants. Agency, for itself and its successors and assigns, covenants that during the term of this Agreement:

2.1.1 The Public Parking Facilities will have sufficient capacity to serve the commercially reasonable long-term and transient parking needs of the Idaho Water Center.

2.1.2 The IWC Users shall be entitled to utilize the Public Parking Facilities on a nonexclusive, shared parking basis in accordance with the terms and conditions of the Parking Covenants and Parking Management Plan, as they may be amended from time to time, and subject to the payment of (i) the Agency's customary parking charges, and (ii) the Annual Contribution set forth in Section 2.2 below.

2.1.3 The University, or its assignee, shall have the right to purchase from Agency a certain number of annual parking passes for employees of state and local governmental entities occupying the Idaho Water Center to use the Public Parking Facilities, which shall include the right to use the 2B Garage and 3B Garage, on a shared parking basis for one (1) Fiscal Year (the "Annual Passes"). For the term of this Agreement beginning on July 1, 2004, Agency shall make 200 Annual Passes available for purchase. Not less than 60 days prior to the beginning of each Fiscal Year, the University shall notify Agency of (i) the number of Annual Passes requested by the University for the following Fiscal Year, and (ii) the name, license plate number and employment number of the state and local governmental employee for each Annual Pass requested. Not less than 30 days prior to the beginning of the Fiscal Year, the Agency shall notify the University of the number of Annual Passes available, which shall in no event be less than the number of Annual Passes provided to the University during the previous Fiscal Year; provided, however, Agency shall be under no obligation to provide the University with more than 200 Annual Passes. The purchase price for each Annual Pass shall be Agency's then current standard monthly rate multiplied by 12, less a 10% discount if the Annual Passes are paid in full prior to the beginning of the Fiscal Year. The Annual Passes shall not be transferred by the holder thereof, except to other state and local governmental employees provided that (i) no surcharge or markup is charged, and (ii) the Agency is first notified of the name, license plate number and employment number of the transferring user and receiving user. The University acknowledges and agrees that the transfer of an Annual Pass to a person other than a state or local governmental employee may be a default under the Bond Covenants, and, if so, shall be a default under this Agreement.

2.1.4 To the extent spaces are available, the operator(s) of the Public Parking Facilities shall sell monthly parking passes to IWC Users for use anywhere within the Public Parking Facilities, on a first come first served basis, at the Agency's then current standard rates.

2.2. Annual Contribution. For the rights secured under this Agreement, the University shall pay to Agency, subject to deductions and offsets set forth in this Agreement, in lawful money of the United States of America, at 805 W. Idaho Street, Suite 403, Boise, Idaho 83702,

or to such other person or at such other place as provided herein or as Agency may from time to time designate by notice in writing to the University, the sum of Three Hundred Fifty Thousand Dollars (\$350,000) per year, commencing on July 31, 2004 and for each Fiscal Year this Agreement is renewed, ending on July 31, 2033 (the "Annual Contribution"). If the Forest Service (or other tax-paying owners or tenants) occupies the currently contemplated approximately 24,000 net leasable square feet (measured in accordance with BOMA's Standard Method for Measuring Floor Area in Office Buildings — ANSI/BOMA 265.1-1996) ("NLSF") in Unit 101, the Annual Contribution shall be Three Hundred Seventeen Thousand Dollars (\$317,000). The amount of the reduction of the Annual Contribution in the preceding sentence shall be adjusted, *pari passu*, in the event the Forest Service (or other tax-paying owners or tenants) occupies more or less space in Unit 101 than the 24,000 NLSF currently contemplated. The Annual Contribution for any year shall also be reduced, *pari passu*, if tax-paying entities occupy space in Unit 101 based on the proportion of Unit 101 (excluding the currently contemplated ground floor retail (approximately 8,800 NLSF) and currently contemplated Forest Service space (approximately 24,000 NLSF)) occupied by such tax paying entity in calendar year in which the Annual Contribution is due. Upon payment of the final Annual Contribution in 2033, the University shall be entitled to enjoy the rights secured under this Agreement for the remainder of the term of this Agreement, and all renewals thereof, without any payment to Agency other than Agency's customary parking charges as otherwise set forth in this Agreement.

2.3. Term of Agreement. This Agreement shall be in full force and effect from the Effective Date. This Agreement shall terminate if the currently contemplated bond financing for the Idaho Water Center has not closed by January 31, 2003. The initial term of this Agreement shall extend from the Effective Date through June 30, 2004. The University shall thereafter have the option to renew this Agreement in accordance with the provisions hereof for successive Fiscal Years until July 1, 2097 (with this Agreement terminating on February 7, 2098), and each such renewal of this Agreement shall be deemed to be exercised, automatically and without further action by the University, unless the University shall notify the Agency in writing of its intent not to renew this Agreement not later than six (6) months prior to the expiration of any annual term.

ARTICLE 3. USE, OPERATION AND MAINTENANCE.

3.1. Use and Operation – Generally. Agency, for itself and its successors and assigns, covenants that during the term of this Agreement, the Public Parking Facilities will remain open to the public, and the University shall enjoy the use of the Public Parking Facilities as described in this Agreement, even if the Agency no longer owns, leases, licenses or operates the Public Parking Facilities.

3.2. Parking Covenants/Parking Management Plan. The Agency agrees that Public Parking Facilities shall at all times be operated and managed in compliance with the Parking Covenants and Parking Management Plan, as they may be amended from time to time (even if the Agency no longer owns, leases, licenses or operates the Public Parking Facilities). The Agency agrees to provide the University with not less than thirty (30) days' prior written notice

of any proposed amendments to the Parking Covenants or Parking Management Plan that would materially impair the University's enjoyment of the rights secured under this Agreement in order to allow the University to express comments on the proposed amendments. Nothing herein, though, shall limit the discretion and authority of Agency to adopt changes to the Parking Covenants and Parking Management Plan (not inconsistent with the terms of this Agreement) and to establish parking rates.

3.3. Shared Parking Regimen. The Public Parking Facilities shall be operated as a shared parking regimen, rather than as individual units. Parking rates will be uniformly controlled to reflect market conditions and to meet any contractual or debt service requirements. The operator of the Public Parking Facilities shall make optimum use of the Public Parking Facilities by making provision for shared off-peak combinations of uses, such as office/residential, hospitality or event/retail when appropriate.

3.4. Public Parking. The Public Parking Facilities shall be operated in such a manner as to provide adequate public parking for the various uses located on the Corridor Site. Except for special arrangements for residential parking or for qualified governmental users granted under this Agreement, the Parking Covenants and Parking Management Plan, parking will be provided to users of the Corridor Site and members of the general public (monthly, hourly, or otherwise) on a first come first served basis.

3.5. Security. The operator(s) of the Public Parking Facilities will provide adequate security.

3.6. Hours of Operation. The Public Parking Facilities will be operated to provide access to users with monthly or annual parking passes on a 24-hour basis, and will be otherwise be open for transient, daily and event parking as set forth in the Parking Management Plan.

3.7. Parking Validations. The IWC Users shall be entitled to participate in any validation or other parking program of Agency.

3.8. Parking Facility Maintenance and Repair. Agency shall maintain and repair, or cause to be maintained and repaired, the Public Parking Facilities in a safe, attractive and clean condition and consistent with the provisions of Section 3(f) of the Parking Management Plan. Such services shall also include cleaning, snow removal, elevator maintenance, and parking control equipment maintenance. The Agency will use the most current *Parking Garage Maintenance Manual* (1996) published by the Parking Consultants Council of the National Parking Association, as a guide in providing such services.

3.9. Future Parking Facilities. The parties acknowledge that with each new parking facility developed on the Corridor Site there will be certain financing (tax exempt bonds, for example) and economic requirements specific to the project to be developed. The parties agree that financing and economic requirements may place additional restrictions or requirements on the use and operation of specific parking facilities developed on the Corridor Site. With respect

to future Public Parking Facilities, the parties agree that Agency shall be allowed to identify specific parking rights or uses and allow limited private or governmental parking uses in a Public Parking Facilities, so long as such uses are permitted by the applicable financing; provided, however, in no event shall any such uses materially impair the management and operation of all the Public Parking Facilities as a whole as a public shared parking system, as described in this Agreement, the Parking Covenants and Parking Management Plan.

ARTICLE 4. DEFAULT, REMEDIES; CURE

4.1. Default. If either party fails to perform or observe any of the covenants or provisions contained in this Agreement within thirty (30) days after written notice from the other party specifying the particulars of such default or breach of performance, or in the case of any curable failure which cannot with diligence be cured within such thirty (30) day period, if the defaulting party shall fail to commence to cure within such specified cure period and thereafter prosecute and complete the curing of such failure with diligence, it being intended, in connection with a curable failure not susceptible of being cured with diligence within such cure period, that the time within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with diligence, then in that event defaulting party shall be responsible to non-defaulting party for any and all actual damages sustained by non-defaulting party, either directly or indirectly, as a result of such default.

4.2. Remedies. In addition to collecting damages as set forth above, in the event of a default, the non-defaulting party shall be entitled to seek an injunction or specific performance to cause the other party to comply with the terms of this Agreement. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by any party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default or any other default by the other party.

4.3. Rights of ISBA and IDWR in Case of Default.

4.3.1 Notice of Default to be Served on ISBA. Agency, upon serving the University with any notice required under the provisions of, or with respect to any default or dispute arising from or related to, this Agreement shall concurrently also serve a copy of such notice upon ISBA and IDWR at the addresses provided for in Section 6.5.3 and 6.5.4, respectively, and no notice by Agency to the University shall affect any rights of ISBA and IDWR unless and until a copy thereof has been received by ISBA or IDWR, as applicable.

4.3.2 Right to Cure University Default. If the University defaults under this Agreement, ISBA and IDWR shall, within sixty (60) days following the expiration of the period provided for the University to cure such default, have the right (but not the obligation), exercisable jointly or severally, to remedy such default under this Agreement, and Agency shall accept such performance by ISBA and/or IDWR as if the same had been made by the University. Such additional sixty (60) day period shall be extended if the breach is other than for the non-payment

of money and is such that it is not practicable to cure such default within such sixty (60) day period, provided that ISBA and/or IDWR commences such cure within said sixty (60) day period and diligently prosecutes such cure to completion.

4.4. Rights of ISBA and IDWR to Renew Agreement. If the University fails to renew the term of this Agreement, the Agency shall immediately notify ISBA and IDWR of such nonrenewal in writing at the addresses provided for in Section 6.5.3 and 6.5.4, respectively. ISBA and IDWR shall, within sixty (60) days following notification of such nonrenewal, have the right (but not the obligation), exercisable jointly or severally, to renew this Agreement upon the same terms and conditions as the University could have renewed this Agreement by assuming this Agreement in writing and performing all of the University's obligations under this Agreement, and Agency shall accept such renewal by ISBA and/or IDWR as if the same had been made by the University. Upon ISBA's and/or IDWR's renewal of this Agreement, ISBA and/or IDWR shall be entitled to all rights of the University under this Agreement.

4.5. Obligations of University Limited to Certain Resources. Notwithstanding any other provision of this Agreement, no obligation assumed by or imposed upon the University by this Agreement shall require the performance of any act by the University, including, but not limited to, the payment of the Annual Contribution, except to the extent that funds may be available for such performance or payment from state general appropriations or other funds legally available therefor. In the event that appropriated funds or other funds are not legally available for payment of the Annual Contribution or other obligations hereunder for any term, then this Agreement shall be terminated. The liability of the University for payment of the Annual Contribution as it becomes due shall be in consideration of the right of the University, whether or not exercised, to the benefits of this Agreement for the then-current term.

ARTICLE 5. RESOLUTION OF DISPUTES.

In the event that a dispute arises between the parties concerning (i) the meaning or application of the terms of, or (ii) an asserted breach of this Agreement, the parties shall meet and confer in a good faith effort to resolve their dispute. The first such meeting shall occur within thirty (30) days of the first written notice from either party evidencing the existence of the dispute. The Executive Director of the Agency and the Vice President of Finance and Administration of the University shall both be included among the individuals representing the parties at the first such meeting. If the parties shall have failed to resolve the dispute within thirty (30) days after delivery of such notice, the parties agree to first endeavor to settle the dispute in an amicable manner by mediation or other process of structured negotiation under the auspices of a nationally or regionally recognized organization providing such services in the Northwestern States or otherwise, as the parties may mutually agree before resorting to litigation or to arbitration. Should the parties be unable to resolve the dispute to their mutual satisfaction within thirty (30) days after such completion of mediation or other process of structured negotiation, each party shall have the right to pursue any rights or remedies it may have at law or in equity.

ARTICLE 6. MISCELLANEOUS

6.1. Recitals. The parties agree that the recitals to this Agreement are not mere recitations, but are covenants of the parties and binding upon them as may be appropriate. In the event of a conflict between any recital and the body of this Agreement, the body of the Agreement shall control.

6.2. Severability. If any term, provision or condition contained in this Agreement shall, to any extent, be invalid or unenforceable, the remainder of this Agreement (or the application of such term, provision or condition to persons or circumstances other than those in respect to which it is invalid or unenforceable) shall not be affected thereby, and each term, provision and condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

6.3. Gender and Number. Words used herein shall include the plural as well as the singular, as required by the context. Words used in the masculine gender include the feminine and neuter.

6.4. Captions. All captions, titles or headings in this Agreement are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent or context thereof.

6.5. Notices. All notices required or permitted pursuant to this Agreement shall be in writing. All notices between the parties shall be deemed received when personally delivered or when deposited in the United States mail postage prepaid, registered or certified, with return receipt requested, or by recognized courier delivery (e.g. Federal Express, Airborne, Burlington, etc.) addressed to the parties, as the case may be, at the address set forth below or at such other addresses as the parties may subsequently designate by written notice given in the manner provided in this section:

6.5.1 If intended for Agency shall be addressed to:

Executive Director
CAPITAL CITY DEVELOPMENT CORPORATION
805 West Idaho, Suite 403
Boise, Idaho 83701

6.5.2 If intended for the University shall be addressed to:

Vice President of Finance and Administration
UNIVERSITY OF IDAHO
Moscow, Idaho 83844

6.5.3 If intended for ISBA shall be addressed to:

Executive Director
IDAHO STATE BUILDING AUTHORITY
960 Broadway Avenue, Suite 500
PO Box 2802
Boise, Idaho 83701

6.5.4 If intended for IDWR shall be addressed to:

Director
IDAHO DEPARTMENT OF WATER RESOURCES
1301 North Orchard Street
Boise, Idaho 83706

6.6. No Partnership. Neither anything contained in this Agreement, nor any acts of the parties, shall be deemed or construed by any person to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association between any of the parties or between any of the parties.

6.7. No Third Party Benefited. This Agreement is not intended nor shall it be construed to create any duty to, any standard of care with reference to or any liability to anyone not a party except as otherwise expressly provided herein, and no rights, privileges or immunities of any party hereto shall inure to the benefit of any third party, nor shall any third party be deemed a third party beneficiary of any of the provisions herein, except as expressly provided herein.

6.8. Governing Law. This Agreement shall be construed in accordance with the laws of the State of Idaho.

6.9. Venue and Jurisdiction. As a material part of the consideration for this Agreement, each of the parties hereto agrees that in the event any legal proceeding shall be instituted between them, such legal proceeding shall be instituted in the District Court for the Fourth Judicial District, State of Idaho, and each of the parties hereto agrees to submit to the jurisdiction of such court.

6.10. Successors and Assigns. This Agreement shall, except as otherwise provided herein, be binding upon and inure to the benefit of the successors and assigns of the parties hereto. The University may assign its rights and obligations under this Agreement, in whole or in part, to any state or local governmental entity, including, but not limited to, ISBA or IDWR. Partial assignments shall be subject to the consent of the Agency, which consent shall not be unreasonably withheld, conditioned or delayed. This Agreement shall not be assigned, in whole or in part, to any entity that is not a state or local governmental entity.

6.11. Time of Essence. Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Agreement.

6.12. No Waiver. No waiver of any default by any party shall be implied from any omission by any other party to take any action in respect of such default, whether or not such default continues or is repeated. No express waiver of any default shall affect any default or cover any period of time other than the default and period of time specified in such express waiver. One or more waivers of any default in the performance of any term, provision or covenant contained in this Agreement shall not be deemed to be a waiver of any subsequent default in the performance of the same term, provision or covenant or any other term, provision or covenant contained in this Agreement. The consent or approval by any such party to or of any act or request by any other party requiring consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar acts or requests.

6.13. Interpretation. This Agreement shall be construed in accordance with its fair meaning and not strictly for or against any party.

6.14. Integration. This Agreement shall constitute the entire agreement between the parties, and there are no agreements or representations between the parties except as expressed herein. Except as otherwise provided herein, no subsequent change or addition to this Agreement shall be binding unless in writing and signed by the parties hereto.

6.15. Counterparts. This Agreement may be executed in any number of counterparts, and once so executed by all parties hereto, each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one (1) agreement.

6.16. Attorneys' Fees. In the event of any controversy, claim or action being filed or instituted between the parties to this Agreement to enforce the terms and conditions of this Agreement or arising from the breach of any provision hereof, the prevailing party will be entitled to receive from the other party all costs, damages, and expenses, including reasonable attorneys' fees, incurred by the prevailing party, whether or not such controversy or claim is litigated or prosecuted to judgment. The prevailing party will be that party who was awarded judgment as a result of trial or arbitration, or who receives a payment of money from the other party in settlement of claims asserted by that party.

6.17. Amendments to this Agreement. Agency and the University agree to mutually consider reasonable requests for amendments to this Agreement, which may be made by any of the parties hereto, lending institutions, bond counsel, or financial consultants to Agency or the


University, provided such requests are consistent with this Agreement and would not substantially alter the basic business terms included herein.

6.18. Default Rate. Any sums owing hereunder and not paid within ten (10) calendar days after the date when such sums are due shall bear interest at the rate set forth in Idaho Code Section 28-22-104(2) or any successor section (the "Default Rate"). Payment of such interest shall not excuse or cure any default by Agency or the University under this Agreement.

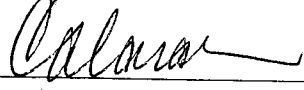
DATED effective as of the year and day first written above.

"Agency"

URBAN RENEWAL AGENCY OF BOISE CITY, IDAHO aka
CAPITAL CITY DEVELOPMENT CORPORATION, an
independent public body politic and corporate constituting a
public instrumentality of the State of Idaho

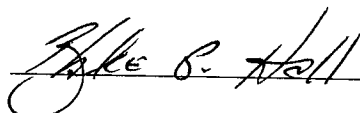
By: 
Chairman
Executive Director

ATTEST:


Secretary

"University"

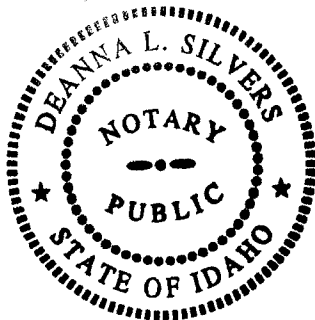
REGENTS OF THE UNIVERSITY OF IDAHO, a state
educational institution and body politic and corporate organized
and existing under the Constitution and laws of the State of
Idaho

By: 
Its: President

STATE OF IDAHO)
) ss.
County of Ada)

On this 18th day of December, in the year 2002, before me, a Notary Public in and for the State of Idaho, personally appeared Phil Kushlan, known or identified to me to be the ~~Chairman~~ ^{Executive Director} of the URBAN RENEWAL AGENCY OF BOISE CITY, IDAHO aka CAPITAL CITY DEVELOPMENT CORPORATION, that executed the said instrument, and acknowledged to me that such URBAN RENEWAL AGENCY OF BOISE CITY, IDAHO aka CAPITAL CITY DEVELOPMENT CORPORATION executed the same.

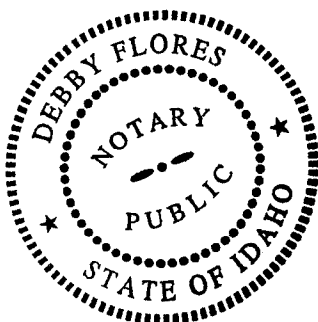
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Deanna L. Silvers
Notary Public for Idaho
Residing at: Nampa, ID
My commission expires: 5-2-2003

STATE OF IDAHO)
) ss.
County of Ada)

On this 17th day of December, in the year 2002, before me, a Notary Public in and for the State of Idaho, personally appeared Blake G. Hall, known or identified to me to be the President, authorized representative of the REGENTS OF THE UNIVERSITY OF IDAHO, that executed the said instrument, and acknowledged to me that such REGENTS OF THE UNIVERSITY OF IDAHO executed the same.



Debby Flores
Notary Public for Idaho
Residing at Boise Idaho
My Commission expires 8-19-2008

EXHIBIT A

Legal Description of the Corridor Site

Parcel I

This parcel is a portion of the Citizen's Right-of-Way as on file in Book 170 of Deeds at Page 579 in the Office of the Recorder for Ada County, Idaho, is situated in the NE ¼ and the SE ¼ of Section 10, T.3N., R.2E., B.M., Boise, Ada County, Idaho and is more particularly described as follows:

COMMENCING at a brass cap marking the East ¼ corner of said Section 10; thence along the East boundary of said Section 10

South 01°07'10" West 862.32 feet to a point on the Northerly boundary of the said Citizen's Right-of-Way; thence leaving the said East boundary and running along the said Northerly boundary

North 56°50'03" West (formerly North 57°09' West) 1612.91 feet to a point marked by an Idaho Power concrete monument; thence continuing along the said Northerly boundary

North 76°23'06" West (formerly North 76°41' West) 94.02 feet to a point on the Northwestern right-of-way boundary of Third Street which point is the point of beginning; thence leaving the said Northerly boundary and running along the said Northwestern right-of-way boundary

South 35°13'41" West 286.53 feet (formerly South 34°54' West 286.76 feet) to a point on a curve on the Northeasterly right-of-way boundary of Front Street as shown on the plans for Federal Aid Project No. DE-0083(802); thence leaving the said Northwestern right-of-way boundary and running along the said Northeasterly right-of-way boundary Northwesternly 549.63 feet along the arc of a curve to the right having a radius of 3374.09 feet, a central angle of 9°20'36" (formerly a distance of 552.08 feet, a radius of 3384.47 feet and a central angle of 9°20'46") and a long chord which bears

North 50°17'38" West 549.61 feet (formerly North 50°36'16" West 551.45 feet) to a point of tangency; thence continuing along the said Northeasterly right-of-way boundary

North 45°37'20" West 132.64 feet (formerly North 45°55'53" West) to a point on the said Northerly boundary of the Citizen's Right-of-Way; thence leaving the said Northeasterly right-of-way boundary and running along the said Northerly boundary

South 54°40'31" East 116.75 feet (formerly South 55°06' East 117.6 feet) to a point marked by a 3/8" iron pin; thence continuing along the said Northerly boundary

South 76°23'06" East 604.65 feet (formerly South 76°41' East 604.87 feet) to the point of beginning.

Said parcel contains 2.10 acres more or less.

Parcel II

This parcel is a portion of the Citizen's Right-of-Way as on file in Book 170 of Deeds at Page 579 in the Office of the Recorder for Ada County, Idaho, is situated in the E ½ of Section 10, T.3N., R.2E., B.M. Boise, Ada County, Idaho and is more particularly described as follows:

COMMENCING at a brass cap marking the East ¼ corner of said Section 10; thence along the East boundary of said Section 10

South 01°07'10" West 862.32 feet to a point on the Northerly boundary of the said Citizen's Right-of-Way; thence leaving the said East boundary and running along the said Northerly boundary

North 56°50'03" West (formerly North 57°09' West) 66.42 feet to a point on the West right-of-way boundary of Broadway Avenue as shown on the plans for Federal Aid Project No. DE 0083(802); thence along the said West right-of-way boundary

South 01°07'10" West 322.33 feet (formerly South 00°01'19" West) to a point of curve; thence Southwesterly 63.90 feet along the arc of a curve to the right having a radius of 30.00 feet, a central angle of 122°01'50" and a long chord which bears

South 62°08'05" West 52.48 feet to a point of tangency on the Northeasterly right-of-way boundary of Front Street as shown on the said plans for Federal Aid Project No. DE 0083(802); thence leaving the said Westerly right-of-way boundary and running along the said Northeasterly right-of-way boundary

North 56°51'00" West (formerly North 57°09' West) 611.21 feet to the Point of Beginning; thence continuing

North 56°51'00" West (formerly North 57°09' West) 1068.83 feet to a point of curve; thence continuing along the said Northeasterly right-of-way boundary Northwesterly 30.98 feet along the arc of a curve to the right having a radius of 3374.09 feet, a central angle of 0°31'34" (formerly a distance of 30.54 feet, a radius of 3384.47 feet and a central angle of 0°31'01") and a long chord which bears

North 56°35'13" West 30.97 feet (formerly North 56°53'33" West 30.54 feet) to a point on the Southeasterly right-of-way boundary of Third Street; thence leaving the said Northeasterly right-of-way boundary and running along the said Southeasterly right-of-way boundary

North 35°13'41" East 317.00 feet (formerly North 34°54' East 317.21 feet) to a point on the said Northerly boundary of the Citizen's Right-of-Way; thence leaving the said Southeasterly right-of-way boundary and running along the said Northerly boundary

South 76°23'06" East 7.96 feet (formerly South 76°41' East 9.00 feet) to a point marked by an Idaho Power concrete marker; thence continuing along the said Northerly boundary

South 56°50'03" East 1092.37 feet (formerly South 57°09' East 1542.28 feet) to a point; thence leaving said northerly boundary

South 35°13'30" West 319.50 feet to the POINT OF BEGINNING.

Said parcel contains 8.07 acres more or less.

**DESCRIPTION FOR
CIVIC PLAZA CONDOMINIUMS**

A parcel of land being a portion of the Citizen's right-of-way as filed in book 170 of deeds at page 579 records of Ada county, Idaho located in the East ½ of Section 10, T.3N., R.2E., B.M., Boise, Ada county, Idaho more particularly described as follows:

Commencing at a brass cap marking the East 1/4 corner of said Section 10;

thence along the East boundary line of said Section 10 South 01°07'10" West, 862.32 feet to a point on the northerly boundary line of the said Citizen's right-of-way line;

thence leaving the said East boundary line and running along the said northerly boundary line North 56°50'03" West, 66.42 feet to a point on the West right-of-way line of Broadway Avenue as shown on the plans for federal aid project no. De0083(802), said point also being the **REAL POINT OF BEGINNING**;

thence South 01°07'10" West, 84.99 feet;

thence South 14°32'10" West, 11.98 feet;

thence South 05°13'56" West, 66.36 feet;

thence South 01°07'10" West, 139.25 feet;

thence South 01°56'14" West, 13.38 feet;

thence South 51°36'48" West, 45.80 feet;

thence North 67°23'36" West, 22.87 feet to a point on the northerly right-of-way line of West Front Street;

thence along said northerly right-of-way line North 56°51'01" West, 589.46 feet;

thence leaving said northerly right-of-way line North 35°13'30" East, 319.50 feet;

thence South 56°50'03" East, 454.12 feet to the **REAL POINT OF BEGINNING**, containing 4.03 acres, more or less.

Prepared by:
HUBBLE ENGINEERING, INC.
Gregory G. Carter, P.L.S.

EXHIBIT F
FORM OF IDAHO WATER CENTER CONDOMINIUM DECLARATION
Please see TAB 15, Attachment 1

EXHIBIT G
USFS QUITCLAIM DEED
Please see TAB 15, Attachment 1

EXHIBIT H
ISBA GRANT DEED
Please see TAB 15, Attachment 1

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EXHIBIT I
EXCEPTIONS TO TITLE – USFS
UNITS

TITLEONE CORPORATION

Authorized agent for:

FIDELITY NATIONAL TITLE INSURANCE COMPANY

Commitment Number: A029226 ST/KF

Revised: MARCH 24, 2005

SCHEDULE B - SECTION II
EXCEPTIONS

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the company:

1. Rights or claims of parties in possession not shown by the public records.
2. Encroachments, overlaps, boundary disputes, and any other matters which would be disclosed by an accurate survey or inspection of the premises including, but not limited to, insufficient or impaired access or matters contradictory to any survey plat shown by the public records.
3. Easements, or claims of easements, not shown by the public records.
4. Any lien, or right to a lien, for services, labor, or materials heretofore or hereafter furnished, imposed by law and not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims to title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.
6. Taxes or special assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices to such proceedings whether or not shown by the records of such agency, or by the public records.
7. Taxes, including any assessments collected therewith, for the year 2005 which are a lien not yet due and payable.

Parcel Number: R1425830200
Code Area: 01-6

8. The land described herein is located within the boundaries of Boise City (208-384-3735) and is subject to any assessments levied thereby. (Affects A and B)
9. Mineral and Mineral Rights, as conveyed to Union Pacific Land Resources Corporation, by Mineral Deed recorded and re-recorded October 31, 1990 as Instrument Nos. 9059024 and 9059121, records of Ada County, Idaho.
(Affects A, B, C, D, E, F and G)
10. An easement for the purpose shown below and rights incidental thereto as set forth in a document.
Granted to: Idaho Power Company, an Idaho corporation
Purpose: Public Utilities
Recorded: July 21, 2000
Instrument No.: 100056891
(Affects Common area of Condominium premises)

ALTA Commitment Schedule B - Section II (10/6/82)

(A029226.PFD/A029226/41)

TITLEONE CORPORATION

Authorized agent for:

FIDELITY NATIONAL TITLE INSURANCE COMPANY

Commitment Number: A029226 ST/KF

Revised: MARCH 24, 2005

SCHEDULE B - SECTION II

EXCEPTIONS

(Continued)

11. An easement for the purpose shown below and rights incidental thereto as set forth in a document.
Granted to: Idaho Power Company, an Idaho corporation
Purpose: Public Utilities
Recorded: July 11, 2001
Instrument No.: 101068945
(Affects Common area of Condominium premises)
12. Terms, provisions, conditions, and, restrictions contained in Development Agreement by and between Urban Renewal Agency of the City of Boise City, also known as and doing business under the style of the Capital City Development Corporation and City of Boise.
Dated: April 23, 2002
Recorded: April 17, 2002
Instrument No: 102044611
(Affects Parcels A, B, C, D, E, F and G)
13. Terms, provisions, conditions, and, restrictions contained in Common Area Maintenance and Operations Agreement by and between Civic Partners Idaho, LLC; Urban Renewal Agency of Boise City, Idaho a.k.a. Capital City Development Corporation; and Ada County, Idaho.
Dated: January 1, 2002
Recorded: August 28, 2002
Instrument No: 102097492
(Affects Common area of Condominium premises)
14. Terms, provisions, conditions, restrictions, and easements contained in Declaration of Easement (Access) and Easement Agreement by and between Ada County, Idaho; Saint Luke's Regional Medical Center, LTD.; Urban Renewal Agency of Boise City, Idaho aka Capital City Development Corporation; and Civic Partners Idaho, LLC.
Recorded: October 8, 2002
Instrument No: 102115915

First Amendment to Declaration of Easement (Access) and Easement Agreement by and between Ada County, Idaho; Saint Luke's Regional Medical Center, LTD.; and Civic Plaza Master Condominium Association, Inc.
Dated: September 30, 2003
Recorded: October 1, 2003
Instrument No.: 103166769
(Affects A, B and C)

TITLEONE CORPORATION

Authorized agent for:

FIDELITY NATIONAL TITLE INSURANCE COMPANY

Commitment Number: A029226 ST/KF

Revised: **MARCH 24, 2005**

SCHEDULE B - SECTION II

EXCEPTIONS

(Continued)

15. Covenants, Conditions, and Restrictions, and, Easements but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status, or national origin, unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons as set forth in the document.
Recorded: October 8, 2002
Instrument No.: 102115916
(Affects A and B)
16. Terms, provisions, conditions, restrictions, and easements contained in Declaration of Easement (Avenue A) by and between Ada County, Idaho; Urban Renewal Agency of Boise City, Idaho aka Capital City Development Corporation; and Civic Partners Idaho, LLC.
Dated: October 9, 2002
Recorded: October 9, 2002
Instrument No: 102116485
(Affects Parcels A, B and D)
17. Easements, reservations, restrictions, and dedications as shown on the official plat of Civic Plaza Condominiums recorded October 9, 2002 as Instrument No. 102116493.
(Affects Parcels A and B)
18. Terms, provisions covenants, conditions, restrictions, easements, charges, assessments, and, liens provided by Condominium Declaration, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status, or national origin, unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons as set forth in the document.
Recorded: October 9, 2002
Instrument No.: 102116495
(Affects Parcels A and B)
19. Amended and Restated Surplus Ground Lease with certain terms, covenants, conditions, options, and provisions set forth therein:
Lessor: Ada County, Idaho
Lessee: Urban Renewal Agency of Boise City, Idaho, aka Capital City Development Corporation
Dated: October 1, 2002
Recorded: October 9, 2002
Instrument No.: 102116885
(Affects Parcel B)

TITLEONE CORPORATION

Authorized agent for:

FIDELITY NATIONAL TITLE INSURANCE COMPANY

Commitment Number: A029226 ST/KF

Revised: MARCH 24, 2005

SCHEDULE B - SECTION II

EXCEPTIONS

(Continued)

20. Terms, provisions, conditions, and, restrictions contained in Parking Lease and Joint Use Agreement by and between Civic Plaza LP and Urban Renewal Agency of Boise City, Idaho aka Capital City Development Corporation.
Dated: October 1, 2002
Recorded: October 15, 2002
Instrument No: 102118098
(Affects Parcel B)

21. Terms, provisions, conditions, restrictions, and easements contained in Easement and License Agreement (Joint Ground Water Cooling System) by and between The University of Idaho Foundation, Inc. and Idaho State Building Authority.
Dated: December 17, 2002
Recorded: January 9, 2003
Instrument No: 103003737
Re-Recorded: May 6, 2003
Instrument No.: 103075258

Addendum to Easement and License Agreement (Joint Ground Water Cooling System with certain terms and conditions contained therein:

Dated: September 8, 2003
Recorded: September 29, 2003
Instrument No.: 103165291
(Affects Parcels A, B, and E)

22. Terms, provisions, conditions, and, restrictions contained in Memorandum and Summary of Resolution 2002-003 of The Idaho State Building Authority Providing for Assignment of Revenues by and between Idaho State Building Authority and Wells Fargo Bank Northwest, National Association.
Dated: January 9, 2003
Recorded: January 9, 2003
Instrument No: 103003738
(Affects Parcels A and B)

23. Terms, provisions, conditions, and, restrictions contained in Grant of Easement for Improvements in Common Area (Idaho Water Center) by and between Civic Plaza Master Condominium Association, Inc. and Idaho State Building Authority.
Dated: June 30, 2003
Recorded: July 9, 2003
Instrument No: 103113571
(Affects Parcels A and F)

TITLEONE CORPORATION

Authorized agent for:

FIDELITY NATIONAL TITLE INSURANCE COMPANY

Commitment Number: A029226 ST/KF

Revised: **MARCH 24, 2005**

SCHEDULE B - SECTION II

EXCEPTIONS

(Continued)

24. Terms, provisions, conditions, and, restrictions contained in Grant of Ground Water Discharge Easement by and between City of Boise City and Civic Plaza Master Condominium Association, Inc..
Dated: July 1, 2003
Recorded: July 16, 2003
Instrument No: 103117755
(Affects Common area of Condominium premises)
25. Terms, provisions, conditions, and, restrictions contained in Grant of Storm Water Discharge Easement by and between City of Boise City; Ada County, Idaho; and Civic Plaza Master Condominium Association, Inc..
Dated: September 16, 2003
Recorded: September 23, 2003
Instrument No: 103161322
(Affects Common area of Condominium premises)
26. Terms, provisions, conditions, restrictions, and easements contained in Memorandum of Canal Easement (Boise City Canal Lateral No. 8) by and between Ada County, Idaho; Civic Plaza Master Condominium Association, Inc.; Boise City Canal Company; and City of Boise City.
Dated: October 7, 2003
Recorded: October 7, 2003
Instrument No: 103170814
(Affects Common area of Condominium premises)
27. Terms, provisions, conditions, and, restrictions contained in Easement Agreement for Water Wells by and between ST. Luke's Regional Medical Center, LTD and Idaho State Building Authority.
Dated: November 12, 2003
Recorded: November 14, 2003
Instrument No: 103192465
(Affects Parcel A and G)
28. Failure to comply with the terms, covenants, and conditions of the lease described in Schedule A.

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EXHIBIT J
EXCEPTIONS TO TITLE - BOISE LAB SITE

Special Exceptions:

1. Taxes, including any assessments collected therewith, for the year 2004 which are a lien not yet payable.
2. Special assessments, if any, for the City of Boise. No delinquencies appear of record.
3. Easements, reservations, notes and/or dedications as shown on the official plat of Parkview Addition.
4. An easement for the purpose shown below and rights incidental thereto as set forth in a document.

Granted to: Boise City.

Purpose: Ingress and Egress.

Recorded: November 1, 1939.

Instrument No.: 193229.

5. Any Easements of Rights-of-Way for Public Utilities, Drainage or Irrigation which may exist, over, under, across or upon that portion of subject Property referenced herein as a vacated street or alley.
6. Agreement, and the terms and conditions contained therein:

Between: The Urban Renewal Agency of the City of Boise City, also known as and doing business under the style of the Capital City Development Corporation, a public body, corporate and politic, of the State of Idaho

And: The City of Boise City, a public body, corporate and politic (hereinafter "City").

Recorded: April 17, 2002.

Instrument No.: 102044611, of Official Records.

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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

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).

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO

SUBJECT

Consent to a declaration of covenants, conditions, and restrictions for the Idaho State Building Authority's (ISBA) Idaho Water Center Condominium.

REFERENCE

December 17, 2002 The Regents approved Facilities Lease for the Idaho Water Center (IWC).

APPLICABLE STATUTE, RULE, OR POLICY

There is no directly applicable statute, rule or policy. However, due to the unique nature of this agreement, the University is submitting the consent to the Board of Regents for approval.

BACKGROUND

The ISBA financed, constructed, and owns the IWC. In December 2002, the Regents authorized the University to enter into a Facilities Lease with ISBA for the IWC. To accommodate the acquisition of a portion of the building by the United States Forest Service (USFS) and any future ownership conveyance to the University of Idaho and the Idaho Department of Water Resources, ISBA is establishing the IWC as a condominium.

DISCUSSION

The condominium declaration establishes the type and nature of real property within the IWC. It provides for the subdivision of this building into distinct condominium units in which an ownership interest may be conveyed to other parties, initially by ISBA. The declaration enables the owners of the units to manage the units and common area in a manner that benefits the condominium unit owners. The condominium declaration includes a consent form to be signed by all state parties with a property interest in the IWC. The consent states that the signatories "hereby approve and consent to the Declaration to which this consent is appended, and hereby unconditionally agree that their respective interests in and to the real property described in the Declaration are subject to each and every term, covenant and condition contained in the Declaration as if such interests were acquired or created after the date the Declaration was recorded in the real property records of Ada County, Idaho."

IMPACT

The declaration defines the nature of the condominium property and the process by which building operating costs will be allocated to the USFS and any other

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO - continued

condominium unit owner, once units are conveyed by ISBA. Currently all building costs are the responsibility of the Regents of the University of Idaho. Completion and recording of the declaration is necessary prior to conclusion of the transaction with the USFS.

STAFF COMMENTS AND RECOMMENDATIONS

This is a fairly complex transaction, with multiple Exhibits (list on page 5 of "Declaration"). Officials from the University of Idaho will be in attendance to provide additional background and answer questions.

As noted on the first page of this Cover Sheet, there doesn't appear to be applicable Board policy involved, but the UI has provided this information and requests Board approval.

Staff has reviewed this item and recommends approval.

BOARD ACTION

A motion to authorize the University of Idaho to consent to the IWC Condominium Declaration, and to grant signature authority to the University's Vice President for Finance and Administration to execute the consent.

Moved by _____ Second by _____ Carried Yes _____ No _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO - continued

LIST OF ATTACHMENTS / EXHIBITS

ATTACHMENT 1 Declaration of Covenants, Conditions & Restrictions for the IWC
 Condominium

EXHIBIT A	Real Property
EXHIBIT B	Bylaws
EXHIBIT C	Plat
EXHIBIT D	Limited Common Area
EXHIBIT E	Percentage of Common Area Ownership

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**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
THE IDAHO WATER CENTER CONDOMINIUM
A Mixed-Use Condominium Project**

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EXHIBIT C.....	Plat
EXHIBIT D.....	Limited Common Area
EXHIBIT E.....	Percentage of Common Area Ownership

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
THE IDAHO WATER CENTER CONDOMINIUM**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE IDAHO WATER CENTER CONDOMINIUM ("Declaration") is made this 15th day of March, 2005, by the IDAHO STATE BUILDING AUTHORITY (hereinafter referred to as the "ISBA" or the "Declarant").

RECITALS

A. Pursuant to the Master Declaration (as defined in Section 1.22 hereof), Declarant is the owner in fee simple of that certain real property located within the City of Boise, County of Ada, State of Idaho, generally described as Unit 101 of The Civic Plaza Condominiums, according to the official plat thereof on file in the records of Ada County, Idaho, including such undivided interest in the Master Common Area (as defined herein) and in the Master Limited Common Area (as hereinafter defined) allocated to Unit 101 pursuant to Article 5 of the Master Declaration, as more particularly depicted on Exhibit A attached hereto and incorporated herein by this reference, also defined and referred to in the Master Declaration as the "Idaho Water Center Unit."

B. Declarant, pursuant to Section 2.4 of the Master Declaration, desires to further subdivide the Real Property (as hereinafter defined), converting it to a Sub-Condominium, as defined in Section 2.4 of the Master Declaration.

C. This Declaration and the Plat (as hereinafter defined), are intended to create a condominium and provide for condominium ownership in the Real Property under the Condominium Property Act of the State of Idaho.

NOW, THEREFORE, Declarant hereto declares as follows:

ARTICLE 1

DEFINITIONS

In addition to terms defined elsewhere in this Declaration, the following terms shall have the following meanings when used herein, unless the context otherwise requires. To the extent capitalized terms are not defined herein, they shall be ascribed the meaning set forth in the Master Declaration.

1.1 “Act” shall mean and refer to the Idaho Condominium Property Act, codified at Title 55, Chapter 15, of the Idaho code, as it may from time to time be amended.

1.2 “Allocated Interests” means the undivided percentage interest in the Common Area allocated to each Unit based on the relative value of each Unit as provided in Section 4.2 hereof and as set forth on Exhibit E attached hereto and incorporated herein. In accordance with the Act, the Allocated Interests may only be reallocated or revised based upon an actual future change in Unit value or size.

1.3 “Appurtenant Easements” means easements which are appurtenant to and for the benefit of the Real Property including, without limitation, that Easement and License Agreement (Joint Ground Water Cooling System) between the University of Idaho Foundation, Inc. and ISBA dated December 17, 2002 and recorded January 9, 2003 as Instrument No. 103003737, records of Ada County, Idaho, amended by Addendum to Easement and License Agreement (Joint Ground Water Cooling System) dated September 18, 2003 and recorded September 29, 2003 as Instrument No. 103165291, records of Ada County, Idaho and that Easement Agreement for Water Wells between St. Lukes Regional Medical Center, Ltd. and ISBA dated November 12, 2003 and recorded November 14, 2003 as Instrument No. 103192465, records of Ada County, Idaho.

1.4 “Board” shall mean and refer to the Board of Managers, duly elected in accordance with this Declaration and the Bylaws.

1.5 “Building” shall mean and refer to the structure and facilities constructed on the Real Property.

ATTACHMENT 1

1.6 “Bylaws” shall mean and refer to the bylaws which shall govern the administration of the Project, as they may be amended from time to time. A copy of the original Bylaws is attached hereto as Exhibit B.

1.7 “City” shall mean and refer to the City of Boise, Idaho.

1.8 “Common Area” is defined in Section 3.1 of this Declaration.

1.9 “Common Expenses” or “Common Area Expenses” shall mean and refer to the expenditures made by, or financial liabilities of, the Project, including those expenses related to insurance, the management, operation, maintenance, repair and replacement of the Common Area, excluding Limited Common Area, but including those “assessments” (as defined in the Master Declaration) assessed by the Master Board, or other charges against the Real Property.

1.10 “Common Expense Liability” shall mean and refer to the liability for Common Expenses allocated to each Unit as set forth in Section 11.2.

1.11 “Condominium” shall mean and refer to a separate interest in a Unit, together with an undivided interest in common in the Common Area.

1.12 “Condominium Documents” shall mean and refer collectively to the Bylaws, this Declaration, the rules and regulations of the Project, if any, and the Master Declaration, as these documents may be lawfully amended and/or adopted from time to time.

1.13 “Declarant” shall mean and refer to the Idaho State Building Authority, created and established pursuant to Section 67-6403 of the Idaho Code, its heirs, personal representatives, successors and assigns.

1.14 “Idaho Water Center Condominiums” shall mean and refer to the condominiums created by this Declaration within the Idaho Water Center Unit (as defined in the Master Declaration).

1.15 “Legal Rate of Interest” shall mean and refer to the rate of interest allowed on money due on the judgment of any competent court or tribunal as determined under the provisions of Idaho Code Section 28-22-104(2), or any successor provision of law as of the date on which interest commences accruing.

1.16 “Limited Common Area” is defined in Section 3.2 of this Declaration.

1.17 “Managers” shall mean and refer to the members of the Board of Managers.

ATTACHMENT 1

1.18 “Managing Agent” shall mean and refer to the person appointed by the Board to perform management and administrative functions and duties with respect to the Project, as are delegated to such person and as are provided in a written agreement between such person and the Board. Pursuant to Section 2.4.3 of the Master Declaration, the Owners shall appoint the Managing Agent or another person to represent all the Unit Owners under this Declaration collectively as the owner of Master Unit 101 and as the person designated under Section 3.3.4 of the Master Declaration who, as directed by the Board, is entitled to cast the vote on behalf of Master Unit 101.

1.19 “Master Common Area” shall mean and refer to those portions of the Master Condominium, other than the Master Units and Master Limited Common Area (as defined in the Master Declaration).

1.20 “Master Condominium” shall mean and refer to the condominium created by the Master Declaration and Master Plat, as more particularly defined and described therein.

1.21 “Master Condominium Assessments” shall mean and refer to that portion of the cost of maintaining, improving, operating and managing the Master Condominium and assessed to the Real Property under the Master Declaration.

1.22 “Master Declaration” shall mean and refer to the “Declaration of Covenants and Restrictions Establishing a Plan For Condominium Ownership For Civic Plaza Condominiums,” as it may be amended from time to time, recorded on October 9, 2002, as Instrument No. 102116495, in the Official Records of Ada County, Idaho.

1.23 “Master Limited Common Area” shall mean the Limited Common Area as defined in the Master Declaration.

1.24 “Master Plat” shall mean and refer to the Civic Plaza Condominiums Plat, recorded on October 9, 2002, in Book 85 of Plats at Pages 9420 through 9432, in the Official Records of Ada County, Idaho.

1.25 “Master Unit” shall mean and refer to a Unit, as such term is defined in the Master Declaration.

1.26 “Master Unit 101” shall mean and refer to Unit 101 of the Civic Plaza Condominiums, according to the Master Plat.

ATTACHMENT 1

1.27 “Mortgage” shall mean and refer to any mortgage, deed of trust, bond indenture, real estate contract or other security instrument by which one (1) or more Units, or any part thereof, is encumbered.

1.28 “Mortgagee” shall mean and refer to any person or any successor to the interest of such person named as the mortgagee, trust beneficiary, bond trustee, contract seller or creditor under any Mortgage.

1.29 “Mortgagor” shall mean and refer to, and include the trustor, grantor, mortgagor or contract purchaser under any Mortgage.

1.30 “Owner” shall mean and refer to the record holder of fee simple title to a Unit, its heirs, personal representatives, successors and assigns, or a lessee or contract purchaser to whom an Owner has assigned and delegated its rights, responsibilities, duties and obligations in accordance with Section 7.5 hereof, to the extent such rights, responsibilities, duties and obligations have been assigned and delegated.

1.31 “Person” shall mean and refer to a natural person, corporation, partnership, limited partnership, limited liability company, trust, governmental subdivision or agency or other legal entity.

1.32 “Plat” shall mean and refer to the Idaho Water Center Condominium Plat, to be filed of record in the Office of the County Recorder of Ada County, Idaho, consisting of a plat or survey map of the airspace rights of the Real Property, showing a survey and legal description thereof, including horizontal and vertical locations and dimensions of all boundaries of each Unit within the Idaho Water Center Condominium, Unit numbers identifying the Units and the Common Area, together with such other information as may be included therein in the discretion of the Declarant, as the same may be hereafter amended from time to time as provided herein. A copy of the Plat is attached hereto as Exhibit C.

1.33 “Project” shall mean and refer to the Real Property, including any building, structure, fixture or improvement now or hereafter constructed on the Real Property.

1.34 “Real Property” shall mean and refer to that certain parcel of real property commonly described as Unit 101 of The Civic Plaza Condominiums, according the official plat thereof on file in the Official Records of Ada County, Idaho, including the undivided interest of Master Common Area and any Master Limited Common Area allocated to Unit 101 pursuant to

ATTACHMENT 1

Article 5 of the Master Declaration and any building, structure or improvement now or hereafter constructed on said real property, and more particularly described and depicted on Exhibit A attached hereto and incorporated herein by this reference together with the Appurtenant Easements and other rights appurtenant thereto.

1.35 “Unit” shall mean the condominium units identified on Exhibits C and F and any condominium units hereafter created by the subdivision of a Unit, and refers to the separate interest component as shown and designated on the Plat as bounded by the interior surfaces of the perimeter walls, floors, ceilings, windows and window frames, doors and door frames and trim, as shown and designated on the Plat. Each Unit consists of the three (3) dimensional space depicted on the Plat as being the Unit, excepting therefrom any Common Area located within any Unit as depicted on the Plat or as otherwise defined in this Declaration. Each Unit shall include all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of its finished surfaces. All other portions of the walls, floors or ceilings (including walls common to separate Units) and structural components shall be a part of the Common Area. In addition, each Unit shall further include the following: (a) all spaces, non-bearing interior partitions, windows, window frames, doors, door frames, and all other fixtures and improvements within the boundaries of the Unit; (b) all outlets, lines and ducts of utility service lines, including, but not limited to, power, light, gas, hot and cold water, exhaust vents, heating and waste disposal, within the boundaries of the Unit; and (c) all heating, hot water and air conditioning apparatus exclusively serving the Unit. The interior surfaces of a perimeter window or door means at the points at which such surfaces are located when such windows or doors are closed; the physical windows and doors themselves are part of the Common Area.

ARTICLE 2

STATEMENT OF INTENTION AND PURPOSE

2.1 Type of Ownership. This Project will provide a means for ownership in fee simple of separate interests in Units and for co-ownership with others, as tenants-in-common, of the Common Area.

ATTACHMENT 1

2.2 Intention of Declarant. Declarant intends to create a Project and provide for condominium ownership of the Real Property under the Act.

2.3 Declaration. Declarant hereby declares that the Project and every part thereof is held and shall be held, conveyed, devised, leased, rented, encumbered, used, occupied and improved, and otherwise affected in any and all manners subject to the provisions of this Declaration, each and all of which provisions are hereby declared to be in furtherance of the general plans and scheme of condominium ownership referred to in this Article 2 and are further declared to be for the benefit of the Project and every part thereof, and for the benefit of each Owner. All provisions hereof shall be deemed to run with the land as covenants running with the land or as equitable servitudes, as the case may be, and shall constitute benefits and burdens to the Declarant and its assigns, and to all persons now owning or hereafter acquiring or owning any interest in the Project, however such interest may be obtained.

2.4 Master Declaration. This Declaration is subject to each and every term, covenant, condition and agreement in the Master Declaration.

2.5 Conflict. In the event of a direct conflict between the provisions of this Declaration and the Master Declaration insofar as the subject matter of this conflict concerns matters entirely internal to Idaho Water Center Condominiums, this Declaration shall control. To the extent that the subject matter of such conflict relates to the Master Condominium other than the Idaho Water Center Condominium, the Master Declaration shall control. In the event of a direct conflict between the provisions of this Declaration and the Act, the Act shall control.

2.6 Increase In Dollar Amounts. Any dollar amount specified in this Declaration in connection with any proposed action or decision of the Board may, at the discretion of the Board, be increased or decreased proportionately by the increase or decrease of the Consumer Price Index For The Western Region For All Urban Consumers, prepared by the United States Department of Labor for a base month of January in the year following the year in which this Declaration is recorded.

ARTICLE 3

COMMON AREA AND LIMITED COMMON AREA

3.1 Common Area. The Common Area shall consist of all of the Real Property together with the Appurtenant Easements, except the Units, the Limited Common Area, the Master Common Area and the Master Limited Common Area, and including, but not limited to, any of the following located on or within the Real Property: All structural components of the Building, the roof, the exterior of the Building; those portions of reservoirs, tanks, pumps, motors, ducts, chutes, flues, pipes, plumbing, wires, conduits and other utility or life safety system, equipment installation, fixtures (except the outlets thereof when located within the Unit), hallways, foyers or restrooms which serve more than one (1) Unit or any portion of the Condominium not otherwise designated as Limited Common Area herein, and any common parking service and delivery areas and all pumps, pipes, plumbing, casings, equipment and systems used in connection with the Appurtenant Easements. The Common Area shall also include all of the Real Property identified as Common Area on the Plat.

3.1.1 Portions of the Common Area may be reallocated as Limited Common Area or incorporated into an existing Unit with the approval of the Owners owning seventy-five percent (75%) of the Allocated Interests and the approval of the Owner(s) of the Limited Common Area or Unit into which the Common Area is being reallocated or incorporated. The reallocation or incorporation shall be reflected in an amendment to this Declaration and Plat. The Owner or Owners benefited thereby shall bear all costs associated therewith in proportion to the relative benefits to each such Unit, as determined by the Board.

3.1.2 Use and access of the Common Area shall be subject to reasonable security and other rules established by the Board. Without limiting the generality of the foregoing, the Owner of each Unit, including any authorized users or tenants of that Unit, and invitees and guests, shall have a nonexclusive easement through the Common Area to the extent necessary for ingress and egress to and from that Unit as further described in Article 4.

3.2 Limited Common Area. Limited Common Area shall consist of such portions of the Common Area that are reserved for the exclusive use of, and subject to the maintenance obligations solely by, the Owner(s) of one (1) or more, but less than all Unit(s) to which it is

ATTACHMENT 1

appurtenant to the exclusion of all others, except by invitation of such Owner of such Unit(s). The Limited Common Area is designated on Exhibit D attached hereto and incorporated herein by this reference, or is designated on the Plat.

3.2.1 Limited Common Area may be reallocated between Units or Limited Common Area may be incorporated into an existing Unit with the approval of the Owners holding seventy-five percent (75%) of the Allocated Interests and the approval of the Owner(s) of the Limited Common Area being reallocated or the Unit(s) into which the Limited Common Area is being incorporated. The reallocation or incorporation shall be reflected in an amendment to this Declaration and Plat. The Owner or Owners benefited thereby shall bear all costs associated therewith in proportion to the relative benefits to each such Unit as determined by the Board.

3.2.2 The Owner of the Unit to which the Limited Common Area is allocated shall have the right to the exclusive use of the Limited Common Area, which right shall extend to the Owner's tenants, invitees, guests and other users authorized by the Owner. Subject to reasonable security and other rules and regulations adopted by the Owner(s) of the Unit(s) to which the Limited Common Area is appurtenant, the Owners of each and every other Unit, including the tenants, invitees, guests and other users authorized by those Owners, shall have a nonexclusive easement through the Limited Common Area to the extent necessary for maintenance and repair, and ingress and egress to and from such Owners' Units.

ARTICLE 4

NATURE AND INCIDENTS OF CONDOMINIUM OWNERSHIP

4.1 Estates of An Owner. The Project is hereby divided into Condominiums, each consisting of a separate interest in a Unit and an undivided interest in common in the Common Area as defined in Article 3 herein.

4.2 Allocation of Interest and Voting Rights. The percentage of ownership interest in the Common Area which is to be allocated to each Unit for purposes of Common Area Expenses, for tax assessment under Section 55-1514 of the Idaho Code and for purposes of liability as provided by Section 55-1515 of such Code shall be the Allocated Interests as set forth on Exhibit E, and in accordance with Section 11.2. Exhibit E also contains a legal description of

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each Unit in the Project, consisting of the identifying designation of such Unit as shown on the Plat. An undivided interest in the Common Area is hereby declared to be appurtenant to each of the respective Units in proportion to the Allocated Interests of each Unit as set forth on Exhibit E.

4.2.1 Voting rights allocated to each Unit for the purposes of this Declaration and for all other purposes requiring consent or approval of Owners, are equal to each Unit's Allocated Interest. Each Owner shall designate in writing to the Board and the other Owners a single person who is entitled to cast the vote for the Owner. For purposes of this Declaration, when the Owners' "consent" or "approval" is required, such consent or approval will be deemed given when Owners with Allocated Interests of fifty and one one-hundredths percent (50.01%) or more have voted to approve or consent, unless otherwise provided in this Declaration. For purposes of this Declaration, when the Managers' consent or approval is required, such consent or approval will be deemed given when a majority of Managers (in number, not in Allocated Interests) have voted to approve or consent, unless otherwise provided in this Declaration.

4.3 Right to Combine Units. At such time as an Owner acquires fee simple ownership to adjacent Units, such Owner may physically combine the area or space of said Units. Such combination shall not prevent separate ownership of such Units in the future. All combinations and subsequent separations shall be in compliance with all State and local laws.

4.4 Subdivision. Any Unit may be subdivided further into separate Units with (i) so long as Declarant is the Owner of one or more Units, the consent of Declarant, and (ii) the consent of Owners holding a majority of the Allocated Interests. Any such subdivision shall be in compliance with Idaho Code provisions relating to subdivisions and the Act, and provided further that any such subdivision does not violate any provisions of this Declaration or the Master Declaration. Upon creation, such Units shall be and constitute separate Units. The Allocated Interest of the original Unit shall be divided among the new Units created by the subdivision of the original Unit based upon the relative value of each such new Unit. Each other person acquiring an interest in any Unit in the Project shall execute such supplemental amendments, condominium declarations or other documents as may be reasonably necessary to allow and accomplish such subdivision. The walls and other physical divisions between the new

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Units shall be Limited Common Area allocated to the new Units on either side of such walls or physical divisions.

4.5 Title. Title to a Unit may be held or owned by a person in any manner in which title to any other real property may be held or owned in the State of Idaho.

4.6 Inseparability. No part of a Condominium or of the legal rights comprising ownership of a Condominium may be separated from any other part thereof during the period of Condominium ownership prescribed herein, so that each Unit and the undivided interest in the Common Area shall always be conveyed, devised, encumbered and otherwise affected only as a complete Condominium. Every gift, devise, bequest, transfer, encumbrance, conveyance or other disposition of a Condominium, or any part thereof, shall be presumed to be a gift, devise, request, transfer, encumbrance or conveyance, respectively, of the entire Condominium, together with all appurtenant rights created by law or by this Declaration.

4.7 Partition Not Permitted. The Common Area shall be owned in common by all Owners of Condominiums, and no Owner may bring any action for partition thereof. In the event any Unit is owned by two or more persons as tenants in common, no Owner shall bring an action for partition of such Unit by physical partition; provided, however, an action for partition by sale shall be permitted.

4.8 Owner's Use of Common Area and Use and Maintenance of Limited Common Area. Subject to the limitations contained in this Declaration, each Owner shall have the nonexclusive right to use and enjoy the Common Area, and each Owner shall have the exclusive right to use and enjoy the Limited Common Area designated herein for exclusive use by such Owner. Each Owner shall, at such Owner's sole expense, cause the Limited Common Area appurtenant to such Owner's Unit to be adequately repaired and maintained.

4.9 Taxes and Assessments. The Declarant is currently exempt from *ad valorem* real property taxes, and nothing in this Declaration shall constitute an agreement or consent that any interest of the Declarant shall be subject to *ad valorem* real property taxes. The Board shall not take any action in the future which in any manner subjects the interest of the Declarant or any Owner to *ad valorem* real property taxes to the extent such Owner is otherwise exempt from *ad valorem* taxes.

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To the extent an Owner is subject to *ad valorem* property taxes, it shall execute such instruments and take such actions as may reasonably be specified by the Board to obtain separate real property tax assessments of the interest of each Owner in each Condominium subject to *ad valorem* property taxes. If any taxes or special district or other assessments may, in the opinion of the Board, nevertheless be a lien on the Project or any part thereof, the Board shall pay the same and assess the same to the Owner or Owners responsible therefor, provided such Owner is not exempt therefrom. Each Owner shall pay the taxes or assessments assessed against her/his Condominium, or interest therein, or its interest in the Common Area or any part of any or all of the foregoing, such payment to be made to the Board at least thirty (30) days prior to the delinquency of such tax or assessment. Each such unpaid tax or assessment shall bear interest at the Legal Rate of Interest from and after the time the same becomes payable by each Owner and shall be secured by the lien rights created by Article 11 hereof. Notwithstanding the foregoing, taxes, assessments or other charges attributable to or assessed against the Common Area shall be apportioned among the Owners of Units subject thereto as provided in Article 11 hereof.

4.10 Owner's Rights With Respect to Interiors. Each Owner shall have the exclusive right to paint, repaint, tile, wax, wallpaper or otherwise maintain, refinish and decorate the interior surfaces of the walls, ceilings, floors and doors, and to clean the interior surfaces of the windows, all of which form the boundaries of the Owner's Unit, and all walls, ceilings, floors and doors within such boundaries.

ARTICLE 5

EASEMENTS

5.1 General. Each Unit has an easement in and through each other Unit and the Common Area and Limited Common Area for all support elements and life safety, security, mechanical, utility, wiring and service equipment, systems and elements, and for reasonable access, ingress and egress thereto, as required to effectuate and continue proper maintenance and operation of the Common Area. The Board shall have a nonexclusive easement to make such use of Common Area as may be necessary or appropriate to perform the duties and the functions which it is obligated or permitted to perform pursuant to this Declaration. Any work or other activity pursuant to the easements granted by this Article 5 shall be undertaken in such a way and

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at such times as to minimize damage, disruption, interference with access, and inconvenience to all Units and the Owners and occupants thereof; and the time and manner of such work or other activity shall be coordinated among all affected Unit Owners and occupants and the Board. The Owner responsible for the work or activity shall promptly repair at its cost and expense any and all damage caused thereby and shall restore any damaged portions of the Project to a condition equal or superior to the condition existing prior to beginning the work or activity. No such work or activity shall impair the structural integrity of the Project or the security, mechanical, utility, wiring and cabling, or life safety systems of any Unit, Limited Common Area or Common Area.

5.2 Easements For Encroachments. Each Unit and all Common Area and Limited Common Area are hereby declared to have an easement over all adjoining Units, Common Area and Limited Common Area for the purpose of accommodating any present or future encroachment as a result of engineering error, settling, rising or shifting of the earth, or by changes in position caused by construction, repair or reconstruction of the Project, or any part thereof, in accordance with plans for the Project and any encroachment due to building overhangs or projection. Easements are hereby created for maintenance of the encroaching Units, Common Area and Limited Common Area so long as the encroachment shall exist, and the rights and obligations of the Owners shall not be altered in any way by the encroachment; provided that in no event shall a valid easement for encroachment be created in favor of a Unit if the encroachment was caused by the willful act of an Owner. The encroachments described in this Section 5.2 shall not be construed to be encumbrances affecting the marketability of title to any Unit.

5.3 Easements of Access For Repair and Maintenance. Some of the Common Area is or may be located within the Units or may be conveniently accessible only through the Units and/or Limited Common Area. The Owners of other Units shall have the irrevocable right, to be exercised by the Board, its employees, authorized agents or contractors, as agent of the Owners, to have access to each Unit, Limited Common Area and to all Common Area from time to time during such reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Area located therein or accessible therefrom, including the washing of exterior window surfaces, or for making necessary repairs therein. The Board has an easement of access for required repair, maintenance and emergencies over all Common Area. Damage to

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the interior of any part of a Unit or Units necessarily resulting from authorized acts of the Board shall be a Common Expense.

5.4 Owner's Right to Ingress, Egress and Support. Each Owner shall have the perpetual right to ingress and egress over, upon and across the Common Area and Limited Common Area necessary for access to the Owner's Unit and to the Limited Common Area designated for use in connection with such Unit, and shall have the right to the subjacent, horizontal and lateral support of such Owner's Unit, and such rights shall be appurtenant to and pass with the title to each Condominium. In exercising the rights granted in this Section, each Owner shall use commercially reasonable efforts to avoid interference with access to other Units.

5.5 Board's Right to Use of Common Area. The Board shall have a nonexclusive easement to make such use of the Common Area as may be necessary or appropriate to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration.

5.6 Easements For Utilities. For the benefit of the Project, easements are hereby created over the Common Area for the installation, maintenance, repair and replacement of utility lines serving the Project or the Units. The Board may grant easements to any company or municipality providing utility services for the installation, maintenance, repair and replacement of utility lines serving the Project or the Units. As used herein, "utility lines" shall include, but not be limited to, lines for water, geothermal hot water, sanitary sewer, storm sewer, electricity, gas, telephone, cable television or internet services, or fiber optics.

5.7 Contractor's Right Incident to Construction. The contractors and developers employed by the Declarant or the Board and all of their subcontractors shall have the right to ingress and egress over, upon and across the Common Area and Limited Common Area, and the right to make such other use thereof as may be reasonably necessary or incidental to complete development of the Project, and any authorized repair, reconstruction or replacement of any portion of the Project.

5.8 Easements For Pedestrian Ingress and Egress. There is hereby created an easement for pedestrian access, ingress and egress over and across the Common Area suitable for such use for the benefit of the Owners of Units and their respective contractors, guests, tenants, invitees and licensees.

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5.9 Easements Deemed Created. All conveyances of Condominiums hereafter made, whether by the Declarant or otherwise, shall be construed to grant and retain the reciprocal easements and create the covenants contained in this Declaration, even though no specific reference to such easements or covenants appears in any such conveyance.

ARTICLE 6

DESCRIPTION OF A CONDOMINIUM

Every contract for the sale of a Condominium and every other instrument affecting title to a Condominium may describe that Condominium by the number or letter shown on the Plat and by reference to this Declaration as each appears on the records of the County Recorder of Ada County, Idaho, in the following fashion:

Condominium Unit_____, as shown on the Idaho Water Center Condominium Plat appearing in the Official Records of Ada County, Idaho, in Book _____ at Pages _____ through _____, inclusive, and as defined and described in that certain Declaration of Covenants, Conditions and Restrictions for the Idaho Water Center recorded in the Official Records of Ada County, Idaho, as Instrument No. _____.

Such description will be construed to describe the Unit, together with the appurtenant undivided interest in the Common Area, and to incorporate all the rights incident to ownership of a Condominium and all the limitations on such ownership as described in this Declaration.

ARTICLE 7

THE BOARD

7.1 Form of Board. The Owners of Units in the Idaho Water Center Condominium shall elect a Board of Managers to be known as the Idaho Water Center Condominium Board of Managers ("the Board"). The Board is hereby designated to be the "Management Body" as provided in Sections 55-1503 and 55-1506 of the Idaho Code. Members of the Board of Managers are referred to herein as "Managers". The rights and duties of the Board shall be governed by the provisions of the Act, the Bylaws, and the Condominium Documents.

7.2 Bylaws. Bylaws to supplement this Declaration and to provide for the administration of the Project are attached hereto as Exhibit B.

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7.3 Voting Rights. On all matters, each member's voting rights as Owner of a Unit shall be equal to such Unit's Allocated Interest, as provided in Section 4.2 of this Declaration.

7.4 Assignment and Delegation of Rights. The Declarant or an Owner may, by a written document ("Assignment and Delegation") recorded in the Official Records of Ada County, Idaho and delivered to all other Owners, assign and delegate all or any portion of its rights, responsibilities, duties and obligations as an Owner to (i) a lessee of an entire Unit where the lease term is longer than one (1) year, or (ii) a contract purchaser of an entire Unit; provided, however, all obligations of an Owner under and by virtue of the provisions contained in this Declaration shall continue notwithstanding an Assignment and Delegation to a lessee or contract purchaser. In determining the party who may exercise the rights and who has the responsibilities, duties and obligations as an Owner, the Board and other third parties may rely upon an Assignment and Delegation and upon a Revocation thereof upon its recordation in the Official Records of Ada County, Idaho. The Owner of a Condominium shall have no obligation for expenses or other obligations accruing after the Owner conveys fee simple title to such Condominium and such conveyance is recorded in the Official Records of Ada County, Idaho. Notwithstanding the foregoing, if the Declarant leases one or more Units to the State of Idaho for any department, agency or board thereof, the Declarant may assign and delegate all or any portion of its rights, responsibilities, duties and obligations as an Owner to such lessee regardless of the term of the lease; and in such event, Declarant shall cease to be liable as to the Unit and the State of Idaho shall have all the liabilities and obligations of an Owner with respect to such Unit during the term of such lease.

ARTICLE 8

THE BOARD OF MANAGERS

8.1 Election of Managers. The Board shall be comprised of five (5) Managers. The Managers of the initial Board shall be selected by the Declarant. Subsequent election of Managers shall be governed by the Bylaws. The Board shall elect officers in accordance with the procedures provided in the Bylaws.

8.2 Board Powers and Actions. The Board shall have only those powers and duties necessary for the administration of the affairs of the Project pursuant to the requirements of this

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Declaration and the Bylaws. All actions of the Board shall require the approval of a majority of the Managers, unless otherwise specifically provided in this Declaration or the Bylaws. Any action by the Board or any failure to act by the Board as requested by one or more Owners may be reviewed and changed within a reasonable time by Owners of Units with at least fifty and one one-hundredths percent (50.01%) of Allocated Interests.

8.3 Delegation of Powers. The Board may delegate such of its powers to committees of the Board and to Unit Owners, officers, employees or agents of the Board, as it may deem advisable.

ARTICLE 9

POWERS OF THE BOARD

9.1 General Powers of the Board. The Board shall have the power, and the Owners hereby reserve for the Board the right, to do any lawful thing required or permitted to be done under the Condominium Documents, and to do any act necessary, appropriate or incidental to the exercise or performance of any of the express powers or duties of the Board. Without limiting the generality of the foregoing, the Board shall have the power to:

9.1.1 Assessments. Establish, fix and levy assessments against the Units and the Owners thereof, as the Board deems necessary to fulfill its obligations under the Condominium Documents (subject to ratification of budgets by Unit Owners pursuant to Article 10), and to collect and enforce payment thereof in accordance with the provisions of this Declaration.

9.1.2 Master Condominium Assessments. Levy assessments against the Units and the Owners thereof for each Unit's Allocated Interest of the Master Condominium Assessments levied against the Master Unit 101.

9.1.3 Common Area. Operate, manage, preserve and maintain, or provide for the operation, maintenance and management of the Common Area and improvements, equipment and fixtures located thereon. To the extent the Board is required to expend funds for repairs or replacements to the Common Area required or caused by the willful or negligent act of an Owner, its contract purchasers, lessees or tenants, or their respective licensees, guests or invitees, such Owner shall reimburse the Board in full and, in any event, the Board shall not be obligated

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to make such repairs and replacements, unless such repairs and replacements are covered by insurance carried by the Board, and then only to the extent of such insurance coverage. To the extent repairs or replacement of Common Area described in the immediately preceding sentence are not covered by insurance carried by the Board, the repair or replacement of such items shall be the responsibility of the Owner of the affected Unit or the Owner to whom the willful or negligent act is attributed.

9.1.4 Operating Requirements. Obtain and pay for any materials, supplies, furniture, labor, services (including, without limitation, security and services and equipment of all types for Common Areas in the Project), maintenance, repairs, structural alterations, insurance, taxes or assessments which the Board is required to secure or pay pursuant to the terms of this Declaration or the Condominium Documents, or by law, or in order to operate the Common Area in a good and clean condition and repair, in a quality and condition comparable to the quality and condition as first-class developments within the general area in which the Idaho Water Center Condominium is located, or for the enforcement of this Declaration. Notwithstanding anything to the contrary in the foregoing, if any such materials, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments are provided for particular Units, the costs thereof shall be assessed to such Units.

9.1.5 Entry for Repairs and Maintenance. The Board and its agents or employees may enter any Unit (or any unit thereof) or any of the Limited Common Area allocated thereto to effect repairs, improvements, replacements, maintenance or sanitation work deemed by the Board to be necessary in the performance of its duties, to do necessary work that the Owner has failed to perform, or to prevent damage to the Common Area or to another Unit. Except in cases of emergency that precludes advance notice, the Board shall cause the Unit Owner to be given notice as far in advance of entry as is reasonably practicable. Such entry shall be made with as little inconvenience to the Owner and occupants as practical. The Board may levy a special or remedial assessment against the Owner of the Unit for all or part of the cost of work that the Owner has failed to perform, which may be collected and foreclosed by the Board in the same manner as assessments are collected and foreclosed under Article 11.

9.1.6 Rules and Regulations. Adopt, amend and repeal reasonable rules and regulations consistent with the provisions of this Declaration for the use, preservation and

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maintenance of the Idaho Water Center Condominiums, including, but not limited to the Common Area. The Board shall mail or otherwise deliver a copy of its rules and regulations, as adopted, amended or repealed from time to time, to each Owner.

9.1.7 Easements. Grant easements on, over, under, across or through the Common Area for public utility and other purposes consistent with the provisions of this Declaration and the intended use of the Common Area.

9.1.8 Utilities. Acquire, provide and pay for water, sewer, gas, electric, telephone, garbage and refuse disposal and other necessary utility services for the Common Area or, to the extent not separately metered or charged, to any individual Unit(s).

9.1.9 Liens. Pay any amount necessary to bond or discharge any claim which may be or become a lien or encumbrance levied against the Common Area, or any part thereof, rather than merely against the interest of a particular Owner or Owners; provided, however; that where one (1) or more Owners are responsible for the existence of any such lien, they shall jointly and severally be liable for the cost of discharging it and any costs incurred by the Board by reason of the lien shall be assessed against each such Owner and its Unit as a special or remedial assessment pursuant to Article 11.

9.1.10 Enforcement. Perform such other reasonable acts, whether or not expressly authorized by this Declaration (unless expressly prohibited), as may be necessary or appropriate to enforce any of the provisions of the Condominium Documents or the resolutions of the Board.

9.1.11 Suspend Rights. After notice and opportunity to be heard, suspend rights or privileges or assess monetary penalties (including late charges for the failure of Owners to pay assessments when due), against any Owner or other person entitled to exercise such rights or privileges, for any violation of the provisions of this Declaration or the Bylaws, rules and regulations, or resolutions of the Board. Notwithstanding anything to the contrary contained herein, however, the Board shall not have the power to cause a forfeiture or abridgment of an Owner's rights to the full use and enjoyment of its Unit except when the forfeiture or abridgment is the result of a judgment of a court or on account of foreclosure or sale under power of sale as provided in Article 11 for default by the Owner in the payment of assessments levied by the Board hereunder.

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9.1.12 Managing Agent. Select, retain and remove a Managing Agent.

9.1.13 Contracts. Enter into contracts for the provision of goods or services for the Common Area or to the Board.

9.1.14 Lawsuits and Other Actions. As to the Common Area, initiate, prosecute or settle actions on behalf of the Owners as owners of the Common Area.

9.1.15 Improvements. Authorize or undertake structural alterations of, or capital additions to, or capital improvements of the Common Area.

9.2. No Business Activities. Nothing contained in this Declaration shall be construed to give the Board the authority to conduct any business for profit on behalf of the Board or the Owners; and, the Board shall have no such authority.

ARTICLE 10

BUDGETS

10.1 Proposed Budget. At least seventy-five (75) days prior to the first day of each fiscal year of the Board, the Board shall submit to each Owner for such Owner's review and approval a proposed annual budget ("Budget") for Common Area Expenses covering the subsequent fiscal year together with a copy of the proposed budget for such fiscal year for the Master Condominium Association ("Master Budget") and together with any supporting documentation reasonably requested by any Owner. The Budget shall include each Owner's Allocated Interest of the Common Area Expenses; and the Budget may also include a service fee payable to a Managing Agent and/or property manager with whom the Board has contracted, such fee not to exceed ten percent (10%) of the projected Common Area and Project Expenses.

10.2 Owner's Approval or Objection. Each Owner shall, within sixty (60) days after receipt of the Budget and the Master Budget, in writing to the Board and to each other Owner, either approve the entire Budget or object to specific items as prescribed in Section 10.3. Failure to object within sixty (60) days shall constitute approval of the Budget.

10.3 Owner's Objection to Specific CAM Items. Within the time period provided by Section 10.2, an Owner may object to a specific line item (Common Area Maintenance item or "CAM Item" or "Item") in the Budget by setting forth in writing the basis for such objection. In the event an Owner objects to an Item, the Board and the Owner(s) shall endeavor to reach

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agreement on a revised Item. If the Board and the Owners are unable to agree upon a Budget before the beginning of the next fiscal year, then the Board shall promptly submit for bid each unapproved Item in accordance with the bidding requirements set forth in Section 10.7. During the bidding process, the Board shall continue to maintain the Common Area based upon the approved Items of the proposed Budget and those Items of the previous Budget that relate to the unapproved Items until the bidding process for those Items is complete; provided, if the cost for the CAM Items that are being bid or re-bid increases pursuant to the old contract in the new fiscal year, the Board shall pay the increased amount until the bidding process is complete and the Item is resolved for the new fiscal year. Upon an Owner's written request, the Board shall provide copies of any one (1) or all of the maintenance contracts to such Owner.

10.4 Emergency Costs. In the event the Board incurs an extraordinary cost or expense during any fiscal year due to an emergency repair, maintenance or replacement necessary for any portion of the Common Area, which expense has not been set forth in an approved Budget, each Owner shall be responsible for paying its share of such costs in accordance with the provisions of this Declaration. For purposes of this Section, an "emergency" necessitating repair, maintenance or replacement shall be a condition which presents an imminent threat or danger of irreparable harm to person or property, as to which delay would cause further threat of damage or would further endanger persons or property, or which results from extraordinary weather conditions. Upon the occurrence of an emergency, the Board shall provide reasonable verbal and written notice to each Owner of such emergency.

10.5 Unbudgeted Expenditures. In the event the Board deems it necessary to incur a cost or expense which has not been set forth in an approved Budget but which is not an emergency, the Board shall request written approval of such expenditure from the Owners, reasonably far in advance of such repair or replacement, and such approval shall not be unreasonably withheld or delayed. If requested by any Owner in writing within ten (10) days following such request, the Board shall follow the bidding procedures set forth in Section 10.7 with regard to any cost or expense incurred under this Section 10.5.

10.6 Reserve Fund; Expenses. Within ten (10) days after the execution of this Declaration, the Owners will contribute a sufficient and agreed sum (each Owner's contribution being proportional to its Allocated Interest) to the Board for initial working capital and a reserve

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fund. If at any time, the reserve fund falls below Ten Thousand Dollars (\$ 10,000.00), or such other amount as the Owners may establish, the Board will include the amount necessary to replenish the fund in the succeeding statement to the Owners. Within thirty (30) days following the end of each month, the Board will submit an assessment statement to each Owner for such Owner's share of the Common Area Expenses, including the service fee, incurred during the preceding month. Each Owner shall pay its Allocated Interest of the Common Area Expenses as set forth on the assessment statement within (15) days following receipt of such statement. The Board shall provide to any Owner such additional documentation as such Owner shall reasonably request, provided, however, such Owner's obligation to pay any assessment shall not be contingent upon its receipt of said additional documentation.

10.7 Bidding Requirements. If any Common Area maintenance work is required prior to adoption of the initial Budget, the Board shall submit any such work Item having an estimated cost in excess of Ten Thousand Dollars (\$10,000.00) for bid by at least two (2) qualified bidders. A qualified bidder is a contractor who has experience in the work to be completed, is licensed (if necessary) and is creditworthy in the judgment of the Board. Thereafter, the names of the bidders and the amount of their respective bids shall be furnished to the Owners by the Board within ten (10) days after the Board's receipt thereof, and the Board shall award the pertinent contract to the lowest responsible bidder, unless the prior written consent of the Owners to award the contract to a higher bidder is obtained by the Board. These bid items and amounts shall be integrated into the pertinent Budget. Notwithstanding anything in this Section to the contrary, the Board may use its own equipment and/or personnel to complete any of its obligations under this Declaration so long as such services are at a competitive rate.

ARTICLE 11

ASSESSMENTS

11.1 Agreement to Pay Assessments. Declarant, for each Unit owned by it within the Project, and for and as the Owner of the Project, and every part thereof, hereby covenants, and each Owner of any Unit by the acceptance of a deed therefor, whether or not it be so expressed in the deed, and each person designated as an Owner pursuant to Section 7.5, shall be deemed to covenant and agree with each other and with the Board to pay to the Board periodic assessments

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made by the Board for the purposes provided in this Declaration, including payment of Master Association Assessments, and special, supplemental and remedial assessments for capital improvements and other matters as provided in this Declaration. Such assessments shall be fixed, established and collected from time to time in the manner provided in this Article 11.

11.2 Apportionment of Assessments. To the extent not otherwise allocated to or required to be paid by a particular Owner, expenses attributable to the Common Area shall be apportioned to Owners of each Unit in proportion to the Allocated Interests of each Unit.

11.3 Regular Assessments. The total annual assessments against all Units shall be based upon the Budget determined in accordance with Article 10 for the payment of Common Area Expenses.

11.4 Special Assessments. Special assessments based on actual usage and expense (including but not limited to electricity, water, sewer, garbage, gas and steam or Project operating requirements) shall be allocated to the Units, as determined by separate contracting, metering, or any other reasonable method determined by the Board.

11.5 Supplemental Assessments. If the Board determines the budget for a given fiscal year is inadequate to meet expenses for any reason (including, but not limited to, unanticipated delinquencies, costs of construction, unexpected repairs or replacements of capital improvements to the Idaho Water Center Condominium), the Board shall determine the approximate amount necessary to defray such expenses, and such amount shall become a supplemental assessment.

11.6 Remedial Assessments. To the extent required or permitted hereunder, the Board may levy a remedial assessment against an individual Owner (a) to reimburse the Board for costs incurred in bringing such Owner, or the Owner's contract purchasers, lessees or tenants, or their guests, invitees or licensees, or the Unit of such Owner, into compliance with the provisions of this Declaration, the Master Declaration, the rules and regulations or the resolutions of the Board, (b) to reimburse the Board for any expenditures which are the responsibility of an individual Owner but which have been paid by the Board; (c) to the extent that any Common Expense is caused by the misconduct of an Owner or tenant of any Unit; or (d) for Project operating expenses or requirements pertaining solely to that Unit.

11.7 Notice of Assessments and Time For Payment. The Board shall make the foregoing assessments, which assessments shall be levied annually, quarterly or monthly as the

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Board shall from time to time determine. Notice of each assessment shall be given to each Owner, which notice shall specify the amount of assessment and the date or dates on which payment is due. No payment shall be due less than thirty (30) days after written notice has been given. Failure of the Board to give written notice of the assessment shall not affect the liability of the Owner of any Condominium for such assessment, but the date when payment shall become due in such case shall be deferred to a date fifteen (15) days after such notice shall have been given.

11.8 Payment of Assessments. The Owner of each Unit shall pay such Owner's assessments as set forth in the notice provided pursuant to Section 11.7 and as set forth in the Budget approved by the Owners under Article 10.

11.9 Delinquent Payments. Any assessment not paid when due shall be delinquent. If an assessment is delinquent, the Board may recover (a) reasonable costs incurred in collecting the delinquent assessment, including reasonable attorneys' fees (including on appeal); (b) a late charge of five percent (5%) of the delinquent assessment, and (c) interest on all delinquent sums, (including the assessment, reasonable costs of collection and late charges) at an annual percentage rate which is the lesser of (x) eighteen percent (18%), or (y) the highest rate allowable by law.

11.10 Treatment of Proceeds. All assessments and other receipts received by the Board on behalf of the Condominium shall belong to the Board. Unless the Board is exempt from Federal or State taxes, all reserves shall be accounted for as contributions to the capital of the Board and as trust funds segregated from the regular income of the Board or in any other manner authorized by law or regulation of the Internal Revenue Service and the Idaho State Tax Commission that will prevent such funds from being taxed as income to the Board.

11.11 Failure to Assess. Failure of the Board to make the budgets and assessments hereunder shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owners from the obligation to pay assessments during that or any subsequent year; and the amount of the assessments for the prior fiscal year shall remain in full force and effect until new assessments are established.

11.12 Certificate of Assessments. Upon the request of any Owner or Mortgagee of a Unit, the Board will furnish a certificate stating the amount, if any, of unpaid assessments

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charged to that Unit. Any certificate delivered pursuant to this Section 11.12 may be relied on by any prospective purchaser or Mortgagee of the Unit, but reliance on such certificate shall not extend to any default not involving the payment of assessments of which the Board had no actual knowledge. The Board may establish a reasonable fee to be charged to reimburse it for the cost of preparing the certificate.

11.13 Recalculation of Expenses. If Common Expense Liabilities are reallocated, regular, special and supplemental assessments shall be recalculated in accordance with reallocated liabilities.

11.14 Lien For Assessments. All sums assessed to any Condominium pursuant to this Article 11, together with interest thereon as provided herein, shall be secured by a lien on such Condominium upon recordation of a notice of assessment as herein provided. Such lien shall be superior to all other liens and encumbrances on such Condominium except only for: (a) valid tax and special assessment liens on the Condominium in favor of any governmental assessing authority; and (b) labor or materialmen's liens, to the extent allowed by law. A Mortgagee under a valid first Mortgage, duly recorded with the Ada County Recorder as to a Condominium, shall be entitled to cure an Owner's default in payment of assessments by paying all past due assessments recorded by the Board which accrued no more than sixty (60) days prior to the date that such secured party was first notified by mail of such Owner's failure to pay assessments past due. In the event of foreclosure of any such first Mortgage, the holder thereof shall take the Condominium interest subject to all unpaid assessments, except to the extent that such liability has been limited by exercise of the cure option set forth in the immediately preceding sentence. All other lienholders acquiring liens on any Condominium after this Declaration shall have been recorded in said records shall be deemed to consent that such liens shall be inferior liens to future liens for assessments as provided herein, whether or not such consent be specifically set forth in the instruments creating such liens.

11.14.1 To create a lien for sums assessed pursuant to this Article 11, the Board may prepare a written notice of assessment setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the record owner of fee simple title to the Condominium, the name of any designated Owner under Section 7.5, and a description of the Condominium. Such notice shall be signed by the Board and may be recorded in the Official

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Records of Ada County, Idaho. No notice of assessment shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by sale by the Board after failure of the Owner to pay such assessment in accordance with its terms, such sale to be conducted in the manner permitted by law in Idaho for the exercise of power of sale in deeds of trust or in any other manner permitted by law. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding, the costs and expenses of filing the notice of assessment, and all reasonable attorneys' fees and any assessments against the Condominium which shall become due prior to commencement of foreclosure and during the period of foreclosure. All such assessments, costs and expenses shall be secured by the lien being foreclosed. The Board shall have the right and power to bid at the foreclosure sale or other legal sale and to acquire, hold, convey, lease, rent, encumber, use and otherwise deal with the same as the Owner thereof.

11.14.2 A further notice stating the satisfaction and release of any such lien shall be executed by the Board and recorded in the Official Records of Ada County, Idaho, upon payment of all sums secured by a lien which has been made the subject of a recorded notice of assessment.

11.14.3 Any encumbrancer holding a lien on a Condominium may pay, but shall not be required to pay, any amounts secured by the lien created by this Section 11.14, and upon such payment such encumbrancer shall be subrogated to all rights of the Board with respect to such lien, including priority.

11.14.4 Unless sooner satisfied and released or the enforcement thereof initiated as provided earlier in this Section 11.14, any lien created pursuant to this Section 11.14 shall expire and be of no further force or effect one (1) year from the date of recordation of said notice of assessment; provided, however, said one (1)-year period may be extended by the Board for not to exceed one (1) additional year by a written extension signed by the Board and recorded in the Official Records of Ada County, Idaho, prior to expiration of said first one (1) year period; provided, however, the lapse of any lien as provided in this paragraph shall not release the owner from liability for the payment of the assessments for which the lien was created.

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11.15 Obligation of Owner. The amount of any periodic or special assessment against any Condominium shall be the obligation of the Owner thereof to the Board. Suit to recover a money judgment for such obligation shall be maintainable by the Board without foreclosure or waiver of the lien securing the same. No Owner may avoid or diminish such obligation by waiver of the use and enjoyment of any of the Common Area or by abandonment of the Owner's Condominium.

11.16 Statement of Account. Upon payment of a reasonable fee and upon thirty (30) days' written request of any Owner or any Mortgagee, prospective Mortgagee or prospective purchaser of a Condominium, the Board shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to such Condominium, the amount of the current periodic assessment, the date that such assessment becomes or became due, and credit for advanced payments or prepaid items, including, but not limited to, an Owner's share of prepaid insurance premiums, which statement shall be conclusive upon the Board in favor of persons who rely thereon in good faith.

11.17 Liability of Purchaser For Assessments. A purchaser of a Condominium shall be jointly and severally liable with the seller for all unpaid assessments against the Condominium up to the time of the grant or conveyance, without prejudice to the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments.

ARTICLE 12

USE AND MAINTENANCE OF UNITS

12.1 Upkeep and Maintenance. Each Owner is responsible for maintenance, repair and replacement of that Owner's Unit and the Limited Common Area allocated to that Unit. Each Owner shall, at that Owner's sole expense, keep the Unit and its Limited Common Area in a clean and sanitary condition, free of rodents and pests, and in good order, condition and repair, and shall do all redecorating and painting at any time necessary to maintain the good appearance and condition of the Unit. Each Owner shall be responsible for the maintenance, repair and replacement of any plumbing fixtures, water heaters, fans and air conditioning or heating equipment and laboratory system and ventilation equipment or ducts which serve only that Unit, whether or not located in the Unit. The Board may, as a Common Expense, provide for the

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inspection of any portion of a Unit or Limited Common Area, the failure of which to maintain properly may cause damage to another Unit, the Common Area, the Limited Common Area of another Unit, or cause unnecessary Common Expenses. If the inspection discloses the need for repair or replacement, the Board may either (a) require the responsible Owner to make the repair or replacement or (b) make the repair or replacement itself and allocate the cost thereof to the Owner as a special or remedial assessment.

12.2 Signs and Graphics. No signs, graphics or other identification or directional material shall be located or erected within any Unit in a manner visible from the exterior of the Building without the prior written approval of the Board and the Master Board. All permitted signs shall be subject to rules and regulations established by the Board and the Master Association, and shall conform to all applicable City ordinances.

12.3 Prohibited Uses. Any Unit may be used for any lawful purpose not prohibited by (a) this Declaration, (b) the Master Declaration, or (c) any other restrictions to which the Real Property is subject. No Unit, or any portion thereof, shall be used (i) for the conduct of any offensive, noisy or dangerous trade, business, manufacturing activity or occupation, including, without limiting the generality of the foregoing, burning of trash, refuse or waste materials, (ii) for any activity which physically interferes with the business of any other Owner or occupant, (iii) in violation of any applicable law, ordinance, rule or regulation of any governmental authority having jurisdiction over activities conducted on the Real Property or any portion thereof, (iv) for any other unreasonable use not compatible with the operation of a first-class, mixed-use commercial, retail, school and classroom, and laboratory development, well-maintained in accordance with the standards of this Declaration, (f) which will impair the structural integrity of the Building, or (g) which violates the provisions of the Master Declaration.

12.4 Compliance With Laws. Each Owner, without cost or expense to any other Owner, shall promptly comply or cause compliance with all laws, ordinances, rules and regulations of any governmental authority having jurisdiction which may at any time be applicable to or within such Owner's Unit; provided that each Owner shall have the right to contest, by appropriate legal or administrative proceedings diligently conducted in good faith, the validity or application of any such law, ordinance, rule or regulation, and may delay compliance

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until a final decision has been rendered in such proceedings and appeal is no longer possible, unless such delay would render the Real Property or any portion thereof subject to forfeiture, involuntary sale or loss, or result in involuntary closing of any business conducted thereon, or subject any other Owner to civil or criminal liability, in which case the contesting Owner shall immediately take such steps as may be necessary to prevent any of the foregoing, including posting bonds or security, or complying with such law, ordinance, rule or regulation. If compliance with any such law, ordinance, rule or regulation would prevent the Owner to whose Unit such law applies from performing any of its obligations under this Declaration, and such Owner does not contest the applicability or validity of such law, ordinance, rule or regulation, any other Owner may contest the same at such other Owner's expense in accordance with the procedures and subject to the limitations set forth herein, and during the pendency of such contest, the Owner whose Unit is affected may delay compliance until final decision in accordance with the provisions contained herein. Each non-contesting Owner shall cooperate to the fullest extent necessary with any contesting Owner in any proceeding undertaken pursuant to this Section 12.4, including execution of necessary documents or consents to such contest, provided that all costs and expenses incurred with respect to such cooperation shall be paid by the contesting Owner, and provided further that no Owner shall thereby incur any civil or criminal liability. Notwithstanding anything to the contrary herein contained, this Section 12.4 shall not apply to any taxes or proceedings in eminent domain.

ARTICLE 13

LIABILITY AND INDEMNIFICATION

13.1 Actions. An action alleging a wrong done by the Board must be brought against the Board and not against any Owner or any officer or Manager of the Board. An Owner is not precluded from bringing an action contemplated by this Article 13 because it is an Owner, a Manager or an officer.

13.2 Utility Failure. Except to the extent covered by insurance obtained by the Board, neither the Board, a Manager, an officer, nor the Declarant shall be liable for: (a) the failure of any utility or other service to be obtained and paid for by the Board; (b) for injury or damage to person or property caused by the elements or resulting from electricity, water, rain, dust or sand

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which may leak or flow from outside or from any parts of a Building, or from any of their pipes, drains, conduits, appliances or equipment, or from any other place; or (c) for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance or orders of a governmental authority. No diminution or abatement of assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

13.3 No Personal Liability. So long as an Owner, a Manager or officer, the Declarant (while an Owner), or any employee or agent of an Owner, Manager or the Declarant has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, no such person shall be personally liable to any Owner, or to any other person, including the Board, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of such person; provided that this Section 13.3 shall not apply where the consequences of such act, omission, error or negligence is fully covered by insurance obtained by the Board.

13.4 Indemnification. In the event any claim or cause of action described in Section 13.3 is asserted against any of the persons or entities identified in Section 13.1, the Board shall indemnify and defend each such person or entity against all reasonable costs, including attorneys' fees for independent counsel, court costs, settlements or judgments incurred in the defense or resolution of any such claim or cause of action to the extent such costs are not covered by insurance maintained by the Board. The Board may levy an assessment pursuant to the provisions of Article 11 in the amount necessary to enable it to pay all or any part of such costs.

ARTICLE 14

BOOKS AND RECORDS

14.1 Fiscal Year. The Board may adopt such fiscal year for the Project as it deems to be convenient. Unless another year is adopted, the fiscal year shall be the same as that of the Master Association.

14.2 Financial Statements and Records. The Board shall keep financial records in accordance with generally accepted accounting principles; and at least annually, the Board shall prepare, or cause to be prepared, a financial statement of the Board in accordance with generally

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accepted accounting principles. The annual financial statement shall be audited at least annually by a certified public accountant unless Owners holding at least seventy-five percent (75%) of the votes waive the audit for that year. The financial statement shall be completed in time for the Board's annual meeting and in any event within ninety (90) days following the end of the fiscal year. By the 25th day of each month, the Board will cause to be prepared and distributed to the Owners an income statement covering the prior calendar month and a balance sheet as of the last day of the prior calendar month. Upon ten (10) days' notice to the Managing Agent or the Board and payment of a reasonable fee, any Owner shall be furnished a statement of its account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner.

14.3 Inspection of Records. The Board shall make available to Owners, Mortgagees, prospective purchasers and their prospective mortgagees, and the agents or attorneys of any of them, current copies of the Condominium Documents, and other books, records and financial statements of the Board. "Available" shall mean available for inspection upon request during normal business hours or under other reasonable circumstances. The Board may require the requesting party to pay a reasonable charge to cover the photocopy costs.

ARTICLE 15

INSURANCE

15.1 In General. The Board shall cause insurance to be maintained insurance with respect to the Common Area, as provided in Section 15.6 below, on behalf of the Board and the Owners; and so long as Declarant is record owner of fee simple title to any Unit, the Board shall maintain insurance with respect to the Common Area on behalf of Declarant. The Board may establish minimum standards of insurance to be obtained by all Owners with respect to the Units and Limited Common Area including, without limitation, (a) property insurance; (b) commercial general liability insurance; (c) fidelity bonds; (d) worker's compensation insurance to the extent required by applicable laws; (e) directors' and officers' liability insurance; and (f) such other insurance as the Board deems advisable, but in no event shall such minimum standards be less than the minimum standards established by the board of directors of the Master Association and/or the Master Declaration to the extent such insurance relates to the Master Condominium. The Board and the Owners shall furnish the Board and all other Owners written evidence the

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required insurance has been obtained and is in force. All insurance shall be obtained from insurance carriers that are generally acceptable for similar projects authorized to do business in the State of Idaho. All such insurance policies shall provide that coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written notice to any and all insureds named therein, including all Owners, Mortgagees, and designated service agents of Mortgagees. An Owner may (v) self-insure, in whole or in part, individually or in connection with other institutions, (w) participate in programs of captive insurance companies, (x) participate in mutual or other cooperative insurance programs, (y) participate in State or federal insurance programs, or (z) participate in other risk management programs; provided, however, an Owner (other than a governmental entity or the Declarant) shall not self-insure (other than with respect to reasonable deductibles) liability covered by property insurance or commercial general liability insurance.

15.2 Insurance Required Under Leases and Contracts. Any person designated as an Owner pursuant to Section 7.5 shall obtain, or cause to be obtained, such insurance as required to be obtained under the lease or the contract notwithstanding that such requirement may exceed the requirements of this Declaration or those established by the Owners.

15.3 Managers' and Officers' Liability. The Board may obtain a policy or policies of insurance covering the Owners, individually or collectively, and the members of the Board and officers of the Board, individually or collectively, against claims arising out of or based upon the acts, errors, omissions or alleged breaches of duty of any Manager or any officer while acting in the officer's capacity as such, upon terms and in an amount to be determined by the Board. The Board may also obtain, at its discretion, a faithful performance and fidelity bond in a commercial blanket fidelity bond form insuring the Board against any loss arising from the malfeasance or dishonesty of its Managers, officers, employees, agents or any other person charged with the custody or management of the Board's funds or other property, naming such persons as principals and the Board as obligee.

15.4 Adjustment of Losses. Each Owner appoints the Board its agent to negotiate and agree on the value and extent of, and to collect the proceeds payable with respect to, any loss under a policy of insurance carried by the Board. The Board shall have full right and authority to compromise any claim, or to enforce any claim by legal action or otherwise, or to release and

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discharge any insurer, by and on behalf of the Owners and each of them. Any such compromise, release and/or discharge by the Board shall be final and non-appealable, and shall bind all of the Owners and each of them.

15.5 Insurance Consultant. Notwithstanding anything to the contrary in the foregoing, the Board may hire an insurance consultant, the cost of which shall be deemed a Common Expense, to assist the Board in determining from time to time the best type, amount and source of insurance for the Idaho Water Center Condominium, the Units and/or the Board.

15.6 Common Area Insurance. Unless waived by the unanimous written consent of the Owners (including Declarant), the Board shall obtain and maintain, as a minimum, the insurance coverages of the Common Area as enumerated below in sub-sections 15.6.1 through 15.6.6:

15.6.1 Commercial general liability insurance, including coverage for any accident resulting in personal injury, bodily injury or death of any person and property damage arising therefrom, in an amount not less than Five Million Dollars (\$5,000,000) in the aggregate and Five Million Dollars (\$5,000,000) per occurrence;

15.6.2 Worker's compensation insurance as required by any applicable law or regulation;

15.6.3 Employer's liability insurance in the amount of One Million Dollars (\$1,000,000.00) each accident for bodily injury, One Million Dollars (\$1,000,000.00) policy limit for bodily injury by disease and One Million Dollars (\$1,000,000.00) each employee for bodily injury by disease; and

15.6.4 Automobile liability insurance, including coverage for owned, hired and non-owned automobiles. The limits of liability shall be not less than One Million Dollars (\$1,000,000.00) combined single limit each accident for bodily injury and property damage combined; and

15.6.5 Commercial property insurance in the amount of the full replacement cost of the Common Area and any improvements to the Common Area covering the perils insured under the ISO Special Causes of Loss Form CP1030 or its equivalent, including without limitation, loss or damage to the improvements located in the Common Area by fire, lightning, vandalism, or malicious mischief. The term "replacement cost," as used in this Section 15.6.6

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shall mean the actual cost of replacing the improvements in the Common Area, excluding any concrete slabs, foundations and footings.

15.7 Express Benefit. All insurance provided under Section 15.6 shall be for the benefit of (a) the Declarant so long as Declarant is record owner in fee simple of any Unit, (b) the Board and (c) the Owners as named insureds. The Board shall furnish to the parties at any time that such parties shall reasonably request, evidence satisfactory to such parties that the insurance referred to in Section 15.6 shall be in force and effect and that the premiums therefore have been paid.

15.8 Periodic Review. All insurance provided under Section 15.6 shall be periodically reviewed by the Board, the Declarant and the Owners, but not less frequently than once every five (5) years.

15.9 Cancellation Notice. Each policy and certificate provided under Section 15.6 shall provide that such policy or certificate shall not be canceled or materially changed without at least thirty (30) days' prior written notice to the Owners, the Managers and the Declarant.

15.10 Owner's Use. To the extent an Owner's use of its Condominium results in an increase in insurance premiums identified herein as a Common Expense, such Owner shall be assessed and solely liable for such an increase.

ARTICLE 16

CASUALTY DAMAGE OR DESTRUCTION

16.1 Board as Agent. All of the Owners irrevocably constitute and appoint the Board their true and lawful agents for the purpose of dealing with the Project upon its damage or destruction as hereinafter provided. Acceptance by any grantee of a deed from the Declarant or from any Owner shall constitute such appointment.

16.2 General Authority of Board. As agent for the Owners, the Board shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or other instrument with respect to the interest of an Owner for the purpose of this Article 16. Reconstruction of the improvements as used in the succeeding subparagraphs means restoring the Project to substantially the same vertical and horizontal boundaries as before. The proceeds of any insurance collected shall be available to the Board for the purpose of repair or

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reconstruction unless the Declarant (so long as Declarant is record owner in fee simple of any Unit) and the Owners holding at least seventy-five percent (75%) of the Allocated Interests agree not to rebuild in accordance with the provisions set forth hereinafter.

16.3 Estimate of Costs. As soon as practicable after an event causing damage to or destruction of any part of the Project, the Board shall obtain estimates that it deems reliable and complete for the costs of repair or reconstruction of that part of the Project damaged or destroyed.

16.4 Repair or Reconstruction. As soon as practicable after receiving these estimates, the Board shall diligently pursue to completion the repair or reconstruction of that part of the Project damaged or destroyed. The Board may take all necessary or appropriate action to effect repair or reconstruction, as agent for the Owners, and no consent or other action by any Owner shall be necessary in connection therewith. Such repair or reconstruction shall be in accordance with the original plans and specifications of the Project, as modified at the time of the damage or destruction or may be in accordance with other plans and specifications approved by Owners holding at least seventy-five percent (75%) of the Allocated Interests.

16.5 Funds for Reconstruction. The proceeds of any insurance collected shall be available to the Board for the purpose of repair or reconstruction. If the proceeds of the insurance are insufficient to pay the estimated or actual cost of such repair or reconstruction, the Board, pursuant to Article 11 hereof, may levy in advance a special assessment sufficient to provide funds to pay such estimated or actual costs of repair or reconstruction. Such assessment shall be allocated and collected as provided in Article 11. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair or reconstruction.

16.6 Disbursement of Funds For Repair or Reconstruction. The insurance proceeds held by the Board and the amounts received from the assessments provided for in Section 16.5 constitute a fund for the payment of costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for costs of repair or reconstruction shall be made from insurance proceeds. If there is a balance after payment of all costs of such repair or reconstruction, such balance shall be distributed to the Owners in proportion to the contributions by each Owner pursuant to the assessments by the Board under Section 16.5 of this Declaration.

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16.7 Decision Not to Rebuild. If Declarant (so long as Declarant is record owner in fee simple of any Unit) and the Owners agree not to rebuild as provided in Section 16.2, the Project shall be sold and the proceeds distributed in the same manner herein provided in the event of sale of obsolete Units, as set forth in Article 17.

ARTICLE 17

OBSOLESCENCE

17.1 Adoption of a Plan. Upon Declarant's approval (required so long as Declarant is record owner in fee simple of any Unit) and upon Owners representing at least seventy-five percent (75%) of the Allocated Interests agreeing that the Project is obsolete, the Board shall adopt a written plan for the renewal and/or reconstruction of the Project. Prior to the adoption of such plan, the Board shall obtain the unanimous approval of all first Mortgagees of record at the time of such adoption. Written notice of adoption of such a plan shall be given to all Owners. Such plan shall be recorded in the Official Records, Ada County Recorder, Idaho.

17.2 Payment For Renewal and Reconstruction. The expense of renewal or reconstruction shall be payable by all of the Owners as assessments against their respective Condominiums. These assessments shall be levied in advance pursuant to Article 11 hereof and shall be allocated and collected as provided in Article 11. Further assessments may be made in like manner if the amounts collected prove insufficient to complete the renewal and reconstruction.

17.3 Dissents From Plan. An Owner not a party to such a plan for renewal or reconstruction may give written notice of dissent to the Board within fifteen (15) days after the recordation of such plan. The Board shall then give written advice of such dissents to all the Owners within five (5) days after the expiration of such fifteen (15)-day period. Within fifteen (15) days of receipt of such notice from the Board, the Owners representing an aggregate of more than fifteen percent (15%) of the Allocated Interests may cancel the plan by written instrument recorded in the Official Records, Ada County Recorder, Idaho. If the plan is not canceled, then the Condominium of each dissenter shall be purchased according to the following procedures: If the Owner and the Board can agree on the fair market value thereof, then such sale and conveyance shall be completed within sixty (60) days thereafter. If the parties are

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unable to agree, the date when either party notifies the other that he/she or it is unable to agree with the other shall be the "Commencing Date" from which all periods of time mentioned herein shall be measured. Within ten (10) days following the Commencing Date, each party shall nominate a qualified appraiser by written nomination and shall give notice of such nomination to the other. If either party fails to make such nomination, the appraiser nominated shall within five (5) days after default by the other party appoint and associate with her/him another qualified appraiser. If the two (2) appraisers designated by the parties or selected pursuant hereto in the event of default of one party are unable to agree, they shall appoint another qualified appraiser to be umpire between them, if they can agree on such person. If they are unable to agree upon such umpire within ten (10) days, then the umpire shall be designated by a judge of the Fourth District Court of Ada County, Idaho. The decision of the appraisers as to the fair market value, or in the case of their disagreement, the decision of such umpire shall be final and binding. The expenses and fees of such appraisers shall be borne equally by the Board and the Owner. The sale shall be consummated within sixty (60) days after decision of the appraisers and the Board as agent shall disburse the proceeds in the same manner provided in Section 17.5 of this Declaration. The obligation of the Board to make such purchase shall be conditioned on the fair market value of the Condominium exceeding the obligations secured by liens on such Condominium and upon the marketability of the title of the Owner. The Owner shall furnish the Board an appropriate commitment for title insurance evidencing marketability of the Owner's title not less than fifteen (15) days prior to the date set for completion of the sale.

17.3.1 The Board, pursuant to Article 11 hereof, may levy a special or supplemental assessment not exceeding five percent (5%) of the assessed valuation (or fair market value if there is no assessed valuation) of any Unit sufficient to provide funds to pay for the Condominiums of the dissenters, provided that such assessments shall not apply to any Owners who are among the dissenters and shall not be liens against the Condominium of such Owners.

17.4 Sale of Obsolete Units. The Owners representing an aggregate of eighty-five percent (85%) or more of the Allocated Interests may agree that the Condominiums are obsolete and that the Project should be sold. Such an agreement must have the unanimous approval of every first Mortgagee of record at the time such agreement is made. In such instance, the Board

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shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Board, the Project shall be sold by the Board as agent for all of the Owners free and clear of the provisions contained in this Declaration and the Condominium Documents. The sale proceeds shall be apportioned among the Owners in proportion to the respective appraised value of the Condominiums exclusive of the amounts paid for personal property, and such apportioned proceeds shall be paid into separate accounts, each such account representing one (1) Condominium. Each such account shall remain in the name of the Board and shall be further identified by the Condominium designation and the name of the Owner. From each separate account, the Board as agent shall use and disburse the total amount of such accounts without contribution from one account to the other, first to Mortgagees and other lienholders in the order of priority of their mortgages and other liens and the balance remaining to each respective Owner.

17.5 Distribution of Excess. In the event amounts collected pursuant to Section 17.2 are in excess of the amounts required for renewal and reconstruction, the excess shall be returned to the Owners by the Board by a distribution to each Owner in an amount proportionate to the respective amount collected from each such Owner.

ARTICLE 18

CONDEMNATION

18.1 Notice and Procedure. If any Unit, or portion thereof, or the Common Area or Limited Common Area, or any portions thereof, is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by a condemning authority, notice of the proceeding or proposed acquisition shall promptly be given to each Owner and Mortgagee and the provisions of this Article 18 shall apply.

18.2 Appointment of Agent. Each Owner appoints the Board as its agent for the purpose of representing the Owners in condemnation proceedings and negotiations, settlements and agreements with the condemning authority for acquisition of Common Area or any part thereof, from the condemning authority. The Board may appoint a trustee to act on behalf of the Owners in carrying out the foregoing functions in lieu of the Board. Should the Board not act,

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based on its right to act pursuant to this Section 18.2, the affected Owners may individually or jointly act on their own behalf.

18.3 Condemnation of a Unit. If a Unit is acquired by condemnation, or if part of a Unit is acquired by condemnation leaving the Unit Owner with a remnant of a Unit which may not practically or lawfully be used for any purpose permitted by this Declaration, the award must compensate the Owner for the Owner's Unit and its appurtenant interest in the Common Area, whether or not any Common Area is acquired. The proceeds from the condemnation of a Unit shall be paid to the Owner or lien holder of the Unit, as their interests may appear. Upon acquisition, unless the decree otherwise provides, that Unit's Allocated Interests shall be automatically reallocated to the remaining Units after the taking, and the Board shall promptly prepare, execute, and record an amendment to this Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this Section 18.3 shall be thereafter a Common Area.

18.4 Condemnation of Part of a Unit. If part of a Unit is acquired by condemnation, the award must compensate the Unit Owner for the reduction in value of the Unit and its appurtenant interest in the Common Area, whether or not any Common Area is acquired. The proceeds from the condemnation awarded to the Unit Owner shall be paid to the Owner or lienholders of the Unit, as their interests may appear. Upon acquisition, unless the decree otherwise provides: (a) that Unit's Allocated Interests are reduced in proportion to the reduction in the size of the Unit; and (b) the portion of the Allocated Interests divested from the partially acquired Unit are automatically reallocated to that Unit and the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interests.

18.5 Condemnation of Common Area or Limited Common Area. If part of the Common Area is acquired by condemnation, the portion of the award attributable to the Common Area taken shall be paid to the Board. The Board will restore the Common Area to as close as possible to the state of the Common Area prior to such acquisition, and the Owners will reimburse the Board for their Allocated Interest of the restoration costs to the extent the cost is not covered by the award. Any portion of the award attributable to the acquisition of a Limited Common Area must be divided among the Owners of the Units to which that Limited Common

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Area was allocated at the time of the acquisition in proportion to the Allocated Interests of such Owners, or to lienholders, as their interests may appear. If the Board determines that a particular Owner's interest in the Common Area is diminished with respect to other Owners by the acquisition of a Common Area, the Declaration may be amended to adjust that Owner's Common Expense liability allocation, or to remove the allocation of a Limited Common Area to that Owner's Unit, as the case may be.

18.6 Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified for construction in Article 16.

ARTICLE 19

REVOCATION OR AMENDMENT

This Declaration shall not be revoked, nor shall any of the provisions herein be amended, except as provided in this Section. Any such revocation or amendment shall be binding upon every Owner and every Condominium whether the burdens thereon are increased or decreased by any such amendment and whether or not the Owner of each and every Condominium consents thereto. Except for amendments that may be executed by the Declarant under the Act, the Declaration and Plat may be amended only by vote or agreement of Owners holding at least seventy-five percent (75%) of the Allocated Interests; and the Articles and Bylaws may only be amended by vote or agreement of Owners holding at least fifty and one one-hundredths percent (50.01%) of the Allocated Interests. Any Owner may cause a proposed amendment to be submitted to the Owners for consideration. Amendments may be adopted at a meeting of the Owners or without a meeting by written consent of the required percentage of the Owners. The notice of a meeting at which an amendment is to be considered shall include the text of the proposed amendment. Upon the adoption of an amendment to this Declaration or Plat, it shall become effective when it is recorded in the Official Records of Ada County, Idaho. An amendment to the Articles shall be effective upon filing the amendment with the Secretary of State. An amendment to the Bylaws shall be effective upon adoption.

ARTICLE 20

PERIOD OF CONDOMINIUM OWNERSHIP

The condominium ownership created by Declarant and the Plat shall continue until this Declaration is revoked in the manner provided in Article 19 of this Declaration or until terminated in the manner provided in Article 17 (Obsolescence) or Article 18 (Condemnation) of this Declaration.

ARTICLE 21

MISCELLANEOUS

21.1 Compliance With Provisions of Master Declaration, Declaration and Bylaws.

Each Owner shall comply with the provisions of the Master Declaration, this Declaration, the Bylaws and the decisions and resolutions of the Board adopted pursuant thereto, as the same may be lawfully amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due and for damages or injunctive relief, or both, maintainable by the Board on behalf of the Owners or, in a proper case, by an aggrieved Owner. The prevailing party shall be entitled to an award of costs and attorneys' fees. All agreements and determinations lawfully made by the Board in accordance with the voting percentages established by this Declaration or in the Bylaws shall be deemed to be binding on all Owners, their successors and assigns.

21.2 Notices. Any notice permitted or required by this Declaration or the Bylaws may be delivered either personally or by first class certified mail, postage prepaid, with return receipt requested, addressed to each person at the current address given by such person to the Board or addressed to the Unit if no such address has been given to the Board. Notice shall be deemed to have been delivered upon actual delivery or upon refusal of delivery.

21.3 Enforcement. Failure of the Declarant or the Board to insist upon strict compliance with this Declaration, the Bylaws or the rules and regulations of the Board, or to exercise any right contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment of the right to insist on compliance in the future with any term, covenant, condition or restriction. The acceptance of payment of an assessment from an Owner, with knowledge of a breach by the Owner, shall not be a waiver of

ATTACHMENT 1

the breach. No waiver by the Board of any requirement shall be effective unless expressed in a writing signed by the Board.

21.4 Covenant Running With Land. It is intended that this Declaration shall be operative as a set of covenants running with the land, or equitable servitudes binding on Declarant, its successors and assigns, and all subsequent Owners of the Real Property, together with their grantees, lessees, successors, heirs, executors, administrators, devisees or assigns.

21.5 Owner's Obligations Continue. All obligations of an Owner under and by virtue of the provisions contained in this Declaration shall continue, notwithstanding that it may have leased or contracted to sell said interest, except as otherwise provided in Section 7.5. The Owner of a Condominium shall have no obligation for expenses or other obligations accruing after the Owner conveys fee simple title to such Condominium and such conveyance is recorded in the Official Records of Ada County, Idaho.

21.6 Captions and Exhibits. Captions given to the various Articles and Sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. Any Exhibits referred to herein and attached hereto shall be deemed incorporated herein by reference as though fully set forth where such reference is made. References to "Section" shall include all sub-sections of such reference section.

21.7 Number and Gender. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural shall include the singular and the use of any gender shall include all genders.

21.8 Severability. If any of the provisions of this Declaration or any clause, paragraph, sentence, phrase or word or the application thereof in any circumstances be invalidated, such invalidity shall not affect the validity of the remainder of the Declaration, and the application of any such provision, paragraph, sentence, clause, phrase or word in any other circumstance shall not be affected thereby.

21.9 Construction By Declarant. Except as specifically provided in this Declaration, Declarant shall have the unqualified right to complete construction of the Building improvements, Common Area and other work necessary to obtain all necessary occupancy permits for all Condominium Units. Such rights shall include, but shall not be limited to, erecting, constructing and maintaining on the Project such scaffolding, cranes and other

ATTACHMENT 1

structures and various types of equipment as may be reasonably necessary for the completion of the future construction contemplated by the terms of this Declaration. This Declaration shall not limit, nor shall any action of the Board limit, the right of Declarant at any time prior to the sale of all Units by Declarant to establish on the Project additional easements, reservations and rights-of-way to itself, to utility companies or to others as may from time to time be necessary to the proper development and disposal of the Project.

21.10 Indemnification. Any Owner undertaking or causing to be undertaken any of the future construction contemplated by this Declaration shall protect, indemnify, defend and hold the Board and each other Owner, and its officers, directors, trustees, shareholders, affiliates, employees, representatives, invitees, agents and contractors, free and harmless from and against any and all claims, damages, liens, stop notices, liabilities, losses, costs and expenses, including reasonable attorneys' fees and court costs resulting from such future construction activities, including, without limitation, repairing any and all damages to any portion of the Project arising out of or related (directly or indirectly) to such construction activities or the erection of such additional improvements and/or expansions to the Building. Such Unit Owner performing such future construction or causing such future construction to be performed shall keep the Project free and clear of any mechanic's liens or materialmen's liens relating to such future construction.

21.11 Effective Date and Termination. This Declaration shall take effect upon recording with the Ada County Recorder.

21.12 Assignment by Declarant. The Declarant reserves the right to assign, transfer, sell, lease or rent all or a portion of the Real Property then owned by it and reserves the right to assign all or any of its rights, privileges, powers, liabilities, duties and obligations under this Declaration upon recordation of a "Notice of Substitution of Declarant." This notice shall set forth the name and address of the transferee and shall identify those rights, privileges, powers, liabilities, duties and obligations transferred or assigned. Thereafter, Declarant shall be relieved of and transferee shall be deemed to have assumed same.

21.13 Federal Owner. Notwithstanding any provision herein to the contrary, in the event any Owner is an agency, department or subdivision of the United States Government ("Federal Owner") the following provisions shall supersede and control over any conflicting provisions of this Declaration:

ATTACHMENT 1

21.13.1 Federal Law Not Contravened. No provision of this Declaration shall impose any obligation or liability upon such Federal Owner which would be in contravention of any federal law, administrative rule or regulation to which such Federal Owner is subject, including but not limited to, the Anti-Deficiency Act, the Equal Access to Justice Act and the Prompt Payment Act.

21.13.2 Indemnification. No Federal Owner shall have any liability under any indemnification covenant contained herein and any claims which would otherwise be pursued under any indemnification contained herein shall be pursued, to the extent required by federal law, under the federal tort claims procedure as set forth in 26 USCS §§ 2671 et. seq. as may be amended.

21.13.3 Assessments. A Federal Owner may only enter obligations for the payment of money under this Declaration for which the Federal Owner has appropriated funds available. Accordingly, a Federal owner may only commit to payment of assessments following an appropriation of funds for general operating expenses, and may only enter the obligation to pay assessments for the period specified in the appropriation. Thereafter, the obligation to pay assessments shall be renewed by the Federal Owner as appropriated funds are made available. If a Federal Owner fails to renew the obligation to pay assessments by January 1 of each year the Unit is owned by the Federal Owner, the Federal Owner shall vacate and dispose of the Condominium in accordance with Federal laws governing the disposal of Federal property at the written request of the Board. The Condominium shall be sold by the Federal Owner subject to any liens attached to the Condominium under Article 11.14, above, and the lien may be collected or foreclosed against the subsequent owner of the Unit in the manner provided in Article 11.

IN WITNESS WHEREOF, the Declarant has executed this Declaration as of the day and year set forth above.

“DECLARANT”

IDAHO STATE BUILDING AUTHORITY

By: _____

ATTACHMENT 1

Its: _____

STATE OF IDAHO)
) ss.
COUNTY OF ADA)

On this _____ day of _____, 2005, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, known or identified to me to be the _____ of the IDAHO STATE BUILDING AUTHORITY ("ISBA"), and the person who executed the instrument on behalf of the ISBA, and acknowledged to me that the ISBA executed the same.

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

NOTARY PUBLIC for Idaho
Residing at _____
My Commission Expires: _____

CONSENT

Pursuant to Section 4.2 of that certain Facilities Lease dated September 17, 2002, by and between the Idaho State Building Authority, as Lessor, and the State of Idaho (the "State"), acting through the Department of Water Resources ("IDWR"), the Idaho Water Resources Board (the "Water Board"), the Department of Administration ("DOA") and the Board of Regents of the University of Idaho ("University"), collectively as Lessee, the State owns a leasehold interest in and to the Real Property and the Fleet Parking Units and the State and XL Capital Assurance, Inc., a New York stock insurance company ("Insurer"), have the right to approve the Declaration of Covenants, Conditions and Restrictions For The Idaho Water Center Condominium ("Declaration").

NOW, THEREFORE, the State and the Insurer hereby approve and consent to the Declaration to which this consent is appended, and hereby unconditionally agree that their respective interests in and to the real property described in the Declaration are subject to each and every term, covenant and condition contained in the Declaration as if such interests were acquired or created after the date the Declaration was recorded in the real property records of Ada County, Idaho.

STATE OF IDAHO

XL CAPITAL INSURANCE, INC., a
New York stock insurance company

By:

Karl J. Dreher, Director
Department of Water Resources

By: _____
Its: _____

Timothy White, President,
University of Idaho

Joseph L. Jordan, Chairman
Idaho Water Resource Board

Pamela Ahrens, Director
Department of Administration

EXHIBIT A
REAL PROPERTY
[to be attached]

EXHIBIT A

Unit 101 and all Limited Common Area Appurtenant to Unit 101 of the Civic Plaza Condominiums according to the official plat thereof filed in Book 89 of Plats at Pages 9420 through 9432 appearing in the records of Ada County, Idaho as Instrument No. 102116495.

EXHIBIT B
BYLAWS
OF THE
IDAHO WATER CENTER CONDOMINIUM

ARTICLE I

GENERAL PROVISIONS

1.1 Name. These are the Bylaws of the IDAHO WATER CENTER CONDOMINIUM which govern the management of the Idaho Water Center Condominium located in the City of Boise, Ada County, Idaho.

1.2 Purposes. The Idaho Water Center Condominium Board of Managers ("Board") as described in these Bylaws shall be the "Management Body" of the Idaho Water Center Condominium as defined in and set forth in the Idaho Condominium Property Act, Chapter 15, Title 55, Idaho Code (the "Condominium Act"). The Board shall actively foster, promote and advance the interest of the Owners.

1.3 Governing Authority. The Idaho Water Center Condominium is governed by the Declaration of Covenants and Restrictions for Idaho Water Center Condominium recorded in the official records of Ada County, Idaho, as the same may be amended from time to time as therein provided (the "Declaration"). No act of the Board shall be inconsistent with the provisions of the Declaration to the extent that the Declaration conforms to Idaho law. Any capitalized terms herein shall have the same meaning and definition as set forth in the Declaration, unless specifically indicated to the contrary herein. In the event of any conflict in the definition of any term or terms, the definitions set forth in the Declaration shall govern.

1.4 Invalidity, number and captions. The invalidity (if any part of these Bylaws is declared invalid by a court of competent jurisdiction) shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws. As used herein, the singular shall include the plural and the plural the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

1.5 Liability and Indemnification of Managers, Officers and Managing Agent. The Managers and officers shall not be liable to the Owners for any mistake of judgment, negligence

ATTACHMENT 1

or otherwise, except for their own willful misconduct or bad faith. The Board shall indemnify and hold harmless each Manager and officer and the Managing Agent, if any, against any contractual liability to others arising out of contracts made by the Board, officers or Managing Agent on behalf of the Board unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws. Each Manager and officer, and Managing Agent, if any, shall be indemnified by the Board against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party or which they may become involved, by reason of being or having been a Manager, officer or Managing Agent, and shall be indemnified upon any reasonable settlement thereof; provided, however, there shall be no indemnity if the indemnitee is adjudged guilty of willful misconduct or bad faith in the performance of the indemnitee's duties. Each indemnitee under this section shall be deemed to have relied upon the provisions of this Section in the indemnitee's acceptance of a position or role with the Board.

ARTICLE II

BOARD OF MANAGERS

2.1 General Powers. The property, business and affairs of the Project shall be controlled and managed by the Board of Managers. The Board shall consist of five (5) individuals, each of whom shall be elected from among the Owners. The Managers shall be elected by the Owners in the manner and for the term provided in these Bylaws. The Board, as the Management Body, shall have the power to exercise, and enforce all rights and privileges to assume, incur, perform, carry out, and discharge all duties, obligations, and responsibilities of a Management Body as provided for in the Condominium Act and in the Declaration, as such Declaration is originally executed or, if amended, as amended. The Board shall have the power to adopt and enforce rules and regulations covering the use of the Idaho Water Center Condominium or any Common Areas or Units thereof, to levy and collect the annual and special assessments and charges against the Units and the Owners thereof, and, in general, to assume and perform all the functions to be assumed and performed by the Management Body as provided for in the Declaration and the Condominium Act. It shall have the power to transfer, assign, or delegate such duties, obligations, or responsibilities to other persons or entities, including without limitation a Managing Agent or an Owner, as permitted or provided for in the Condominium Act, the Declaration, or in an agreement executed by the Board with respect thereto. The Management Body shall actively foster, promote, and advance the interest of the Owners of the Units within the Idaho Water Center Condominium.

2.2 Number. The Board of Managers shall consist of five (5) individuals.

2.3 Qualifications, Election, Term. Managers shall be elected by the Owners and from among the Owners at the annual meeting. Each Manager shall serve a term of one (1) year and until the Manager's successor is duly elected and qualified.

ATTACHMENT 1

2.4 Resignation. Any Manager may resign by submitting a written notice to the Board of Managers stating the effective date of his resignation; and acceptance of the resignation shall not be necessary to make it effective.

2.5 Vacancies. Any vacancy occurring on the Board of Managers, whether by removal, resignation, death or otherwise, shall be filled by a majority of the remaining Managers though less than a quorum of the Board. A Manager selected to fill a vacancy on the Board of Managers shall hold office until the next election of Managers and until the Manager's successor is elected and qualified. In the event of a deadlock among the remaining Managers, the vacancy shall be filled by the Owners.

2.6 Meeting. There shall be a regular annual meeting of the Board of Managers immediately following the annual meeting of the Owners; and the Board may establish regular meetings to be held at such other places and at such other times as it may determine from time to time. After the establishment of a time and place for such regular meeting, no further notice thereof need be given. Special meetings of the Board may be called by the president or upon written request delivered to the secretary, all other Managers, and the Owners, by any two Managers.

2.7 Notices: Waiver. Five (5) days' notice of special meetings shall be given to each Manager and each Owner by the secretary. Such notice may be given only in writing, served personally, mailed or faxed to each Manager and to each Owner. Written waiver of notice signed by, or attendance at a meeting of the Board of Managers by, a Manager shall constitute a waiver of notice of such meeting, except where attendance is for the express purpose of objecting to the failure to receive such notice or to defects in said notice.

2.8 Quorum, Vote Required, Adjournment. At any meeting of the Board of Managers, a majority of the qualified Managers shall constitute a quorum. If a quorum is present, the action of a majority of the Managers present and voting shall be the act of the Board of Managers. If a quorum is not present, the majority of the Managers present may adjourn the meeting from time to time without further notice other than announcement at the meeting.

2.9 Action of Managers Without a Meeting. Any action required to be taken or any other action which may be taken by the Board of Managers may be taken without a meeting if consent in writing setting forth the action so taken shall be signed by all the Managers entitled to vote in respect to the subject matter thereof. The action must be evidenced by one (1) or more written consents describing the action taken, signed by each Manager and included in the minutes filed with the Board's records reflecting the action taken. Action taken under this section is effective when the last Manager signs the consent, unless the consent specifies a different effective date. A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

ARTICLE III

OFFICERS

ATTACHMENT 1

3.1 General. The officers of the Board shall be a president, one or more vice presidents, a secretary and a treasurer, all of whom shall be elected by the Board of Managers to serve at the pleasure of the Board.

3.2 President. The president shall be a Manager and shall preside over the meetings of the Board of Managers and the meetings of the Owners.

3.3 Vice President. The vice president shall act in place of the president in case of the President's death, absence, inability, or failure to act. The vice president shall be a Manager.

3.4 Secretary. The secretary shall be the custodian of the records and shall see that all notices are duly given in accordance with the provisions of these Bylaws, and see that the books, reports and other documents and records of the Board are properly kept and filed. The Board may appoint one or more assistant secretaries who may assist the secretary and act in the place of the secretary in case of death, absence, inability or failure to act.

3.5 Treasurer. The treasurer shall have charge and custody of, and be responsible for all funds of the Board. The treasurer shall cause to be deposited all such funds in such banks and depositories as shall be designated by the Board of Managers. The treasurer shall keep books of account and records of the transactions and the financial condition of the Board and shall submit such reports thereof as the Board of Managers may from time to time require; and, in general the treasurer shall perform all of the duties incident to the office of treasurer and such other duties as may from time to time be assigned to him by the Board of Managers or the president.

3.6 Compensation. Officers, agents and employees shall receive such reasonable compensation for their services as may be authorized by the Board of Managers. Appointment of any officer, agent or employee shall not in and of itself create contractual rights of compensation for services performed by such officer, agent or employee.

3.7 Delegating of Powers. In case of absence of any officer of the Board or for any reason that may seem sufficient to the Board of Managers, the Board may delegate all or part of such officer's duties and powers to another officer, a Manager or a Managing Agent.

ARTICLE IV

RIGHTS, DUTIES AND OBLIGATIONS OF THE OWNERS

4.1 Ownership. Every person or entity who is a record owner, whether one or more persons or entities, of fee simple title to any Unit and which is subject by the Declaration to assessment by the Board, including contract sellers, is an "Owner." The percentage voting interest to which each Owner is entitled shall be the Allocated Interest in the Common Areas, which is set forth in the Declaration. In the event a Unit is jointly owned, only one (1) vote based

ATTACHMENT 1

upon the Allocated Interest of such Unit shall be permitted for such Unit. Subject to the provisions of the Declaration, an Owner's interest shall not be assigned, sold, transferred or in any other manner conveyed so that the transferee can by such transfer become an Owner, except upon transfer of title to the Unit and then only to the transferee of title to said Unit.

4.2 Transfer of Ownership. Upon the transfer of title to a Condominium Unit, the Board shall be entitled to maintain the person, persons or entity in whose name or names the membership is recorded on the books and records of the Board until such time as evidence of the transfer of title satisfactory to the Board has been submitted to the secretary. A transfer of membership shall not release the transferor from liability or obligation accrued and incidental to such membership prior to such transfer.

4.3 Voting Rights.

4.3.1 The voting rights of an Owner shall be determined by the Owner's percentage interest in the Common Area of the Property as the term "Common Area" is described in the Declaration and defined in Section 55-1503, Idaho Code; and, therefore the voting rights of each Owner will not in all cases be equal. The Condominium Declaration sets forth the percentage interest of each Unit in the Common Area, i.e. Allocated Interests.

4.3.2 The total number of votes to be exercised by the Owners shall be one hundred (100). Each Owner shall be entitled to vote the same percentage of the one hundred (100) votes as the Owner's Allocated Interest in the Common Area.

4.3.3 In any election of Managers, every Owner (including the Declarant) entitled to vote at such election shall have the right to cumulate its votes and give one candidate or divide among any number of the candidates, a number of votes equal to the number of votes to which that Owner is entitled in voting upon other matters multiplied by the number of managers to be elected. The candidates receiving the highest number of votes up to the number of managers to be elected shall be deemed elected; provided, however, no Owner shall have the power to elect more than four (4) managers.

4.3.4 The Board may suspend any Owner's voting rights in the Board during any period or periods during which such Owner fails to comply with the Rules and Regulations of the Board, or with any other obligations of such Owner under the Declaration.

4.4 Annual Meetings. An annual meeting of the Owners for the purpose of electing the board of managers and transacting such other matters as may properly come before the meeting shall be held on the second Tuesday of February of each year in a convenient location in the Ada County, Idaho. All business which may be lawfully transacted may be considered at such meeting without any further or special notice.

4.5 Special Meetings. Special meetings of the Owners may be called at any time by the Board of Managers or by written request of one-tenth (1/10) of the voting power of all the Owners and shall be held at a convenient location in Ada County, Idaho. The secretary shall

ATTACHMENT 1

forthwith cause to be given notice of such meeting at such time as the secretary may fix, not less than ten (10) nor more than twenty-eight (28) days after the receipt of said request; and if the secretary-treasurer shall neglect or refuse to issue such call, a Manager or Owner making the request may do so.

4.6 Notice. Notice of annual and special meetings of the Owners must be given in writing and must state the date, hour, place of the meeting and generally describe the nature of the business to be transacted. Such notice shall be delivered personally to, or deposited in the United State mail, postage prepaid, addressed to the last known address (as shown on the records of the Board) of the Owners or any one of the co-owners as shown on the records of the Board and shall be delivered or deposited in the United States mail at least ten (10) days prior to the date of the meeting. In the event that a special meeting is called by the Owners, the secretary shall be notified in writing of the time, place and purpose of the meeting in sufficient time to permit the secretary to give notice to all Owners in accordance with these Bylaws.

4.7 Waiver. Written waiver of notice signed by or attendance at a meeting by the Owners or any one of the co-owners shall constitute a waiver of notice of such meeting, except where attendance is for the express purpose of objecting to the failure to receive such notice or to defects in the notice.

4.8 Quorum: Vote Required; Adjournment. The presence in person or by proxy of Owners holding a majority of the voting power shall constitute a quorum at any meeting of the Owners. If a quorum is present, the action of Owners holding a majority of all votes which Owners, present and voting, are entitled to cast shall be the act of the Owners. If a quorum is not represented at a meeting, Owners holding a majority of all votes present, in person or by proxy, may adjourn the meeting from time to time without notice other than announcement at the meeting.

4.9 Conduct of the Meeting. The meeting will be conducted by the officers. The order of business shall be a call of the roll, a reading of the notice and proof of the call, report of officers, report of committees, unfinished business, new business, election of officers and managers, and miscellaneous business.

4.10 Action by Written Consent. Action required to be approved by the Owners may be approved without a meeting of Owners if the action is approved by Owners holding at least ninety percent (90%) of the voting power. The action must be evidenced by one (1) or more written consents describing the action taken, signed by those Owners so consenting and delivered to the secretary for inclusion in the minutes and records of the Board. A consent signed under this section has the effect of a meeting vote and may be described as such in any document filed with the secretary of state. Written notice of Owner approval pursuant to this section shall be given to all Owners who have not signed the written consent. If advance written notice of the action is required, Owner approval pursuant to this section shall be effective seven (7) days after such written notice is given.

ATTACHMENT 1

4.11 Assignment and Delegation of Rights. Notwithstanding any provision in these Bylaws to the contrary, the Declarant or an Owner may, by a written document recorded in the Official Records of Ada County, Idaho, assign and delegate all or any portion of its rights, responsibilities, duties and obligations as an Owner to (i) a lessee of an entire Unit where the lease term is longer than one (1) year or (ii) a contract purchaser of an entire Unit.

4.12 Liability for Assessments. Any assessment made by the Board on any Unit shall be secured by a lien on such Unit as provided in the Declaration. Each Owner shall be liable for the payment of assessments and for the payment and discharge of the liabilities of the Board according to the terms and provisions of the Declaration, the Condominium Act, and as set forth in the Bylaws.

ARTICLE V

INCORPORATION BY REFERENCE

5.1 Condominium Declaration Incorporated. The Declaration of Covenants, Conditions and Restrictions for Idaho Water Center Condominium is hereby incorporated by reference and made a part of these Bylaws as if set out in full herein.

ARTICLE VI

CONTRACTS, CONVEYANCES, CHECKS AND MISCELLANEOUS

6.1 Contracts. The Board of Managers may authorize any officer or Managing Agent to enter into any contract or execute any instrument in the name of the Board except as otherwise specifically required by the Bylaws or by the Condominium Declaration.

6.2 Checks. All checks, drafts, notes and orders for the payment of money shall be signed by such persons as the Owners may authorize.

6.3 Fiscal Year. The fiscal year or business year of the Board shall begin on the first day of January and end on the last day of the December following, unless another year is adopted by the Owners.

6.4 Records. The Board shall maintain accurate and correct books, records and accounts of its business and properties, and they shall be kept at such place as is from time to time fixed and designated by the Board of Managers.

ARTICLE VII

AMENDMENTS

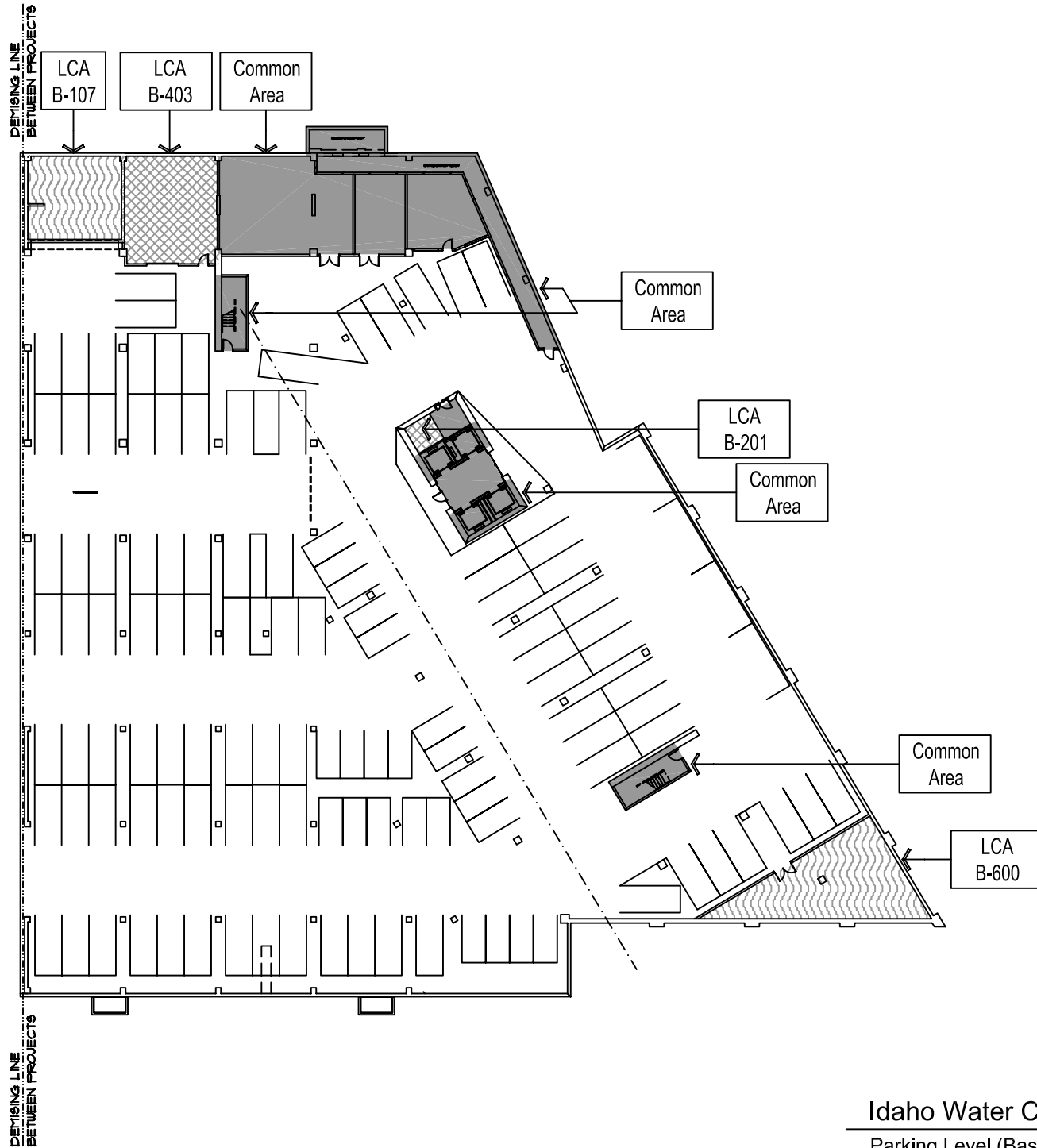
ATTACHMENT 1

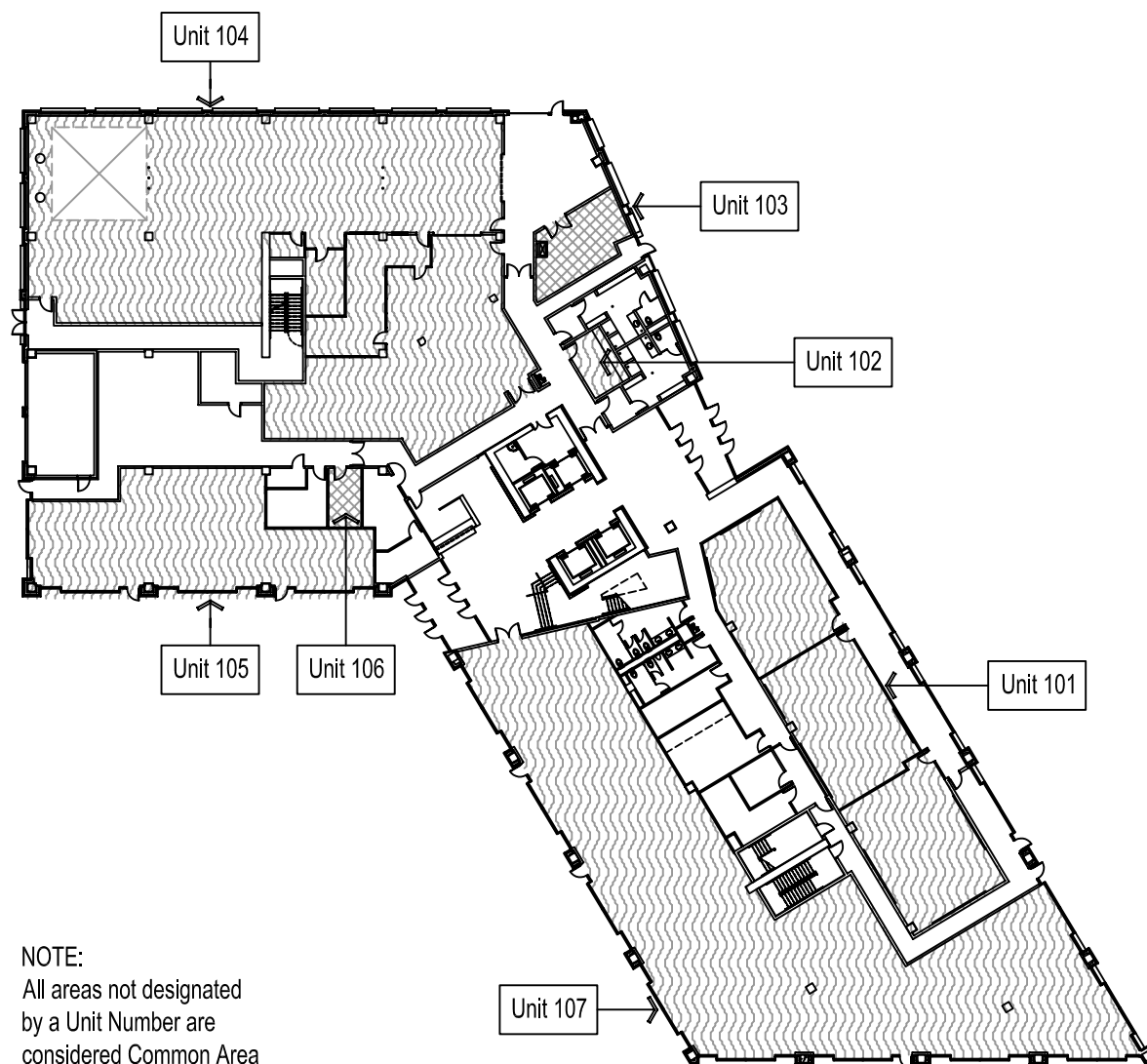
7.1 Bylaws. These Bylaws may be amended, altered or repealed from time to time only by the unanimous written consent of the Owners or the vote of seventy-five percent (75%) of the voting power of the Owners at any annual or special meeting and provided further the notice of such meeting (i) shall state that the purpose, or one of the purposes, of the meeting is to consider the proposed amendment and (ii) shall contain or be accompanied by a copy or summary of the amendment.

APPROVED AND ADOPTED THE _____ day of _____, 2005, by the unanimous action of the Owners of the Idaho Water Center Condominium.

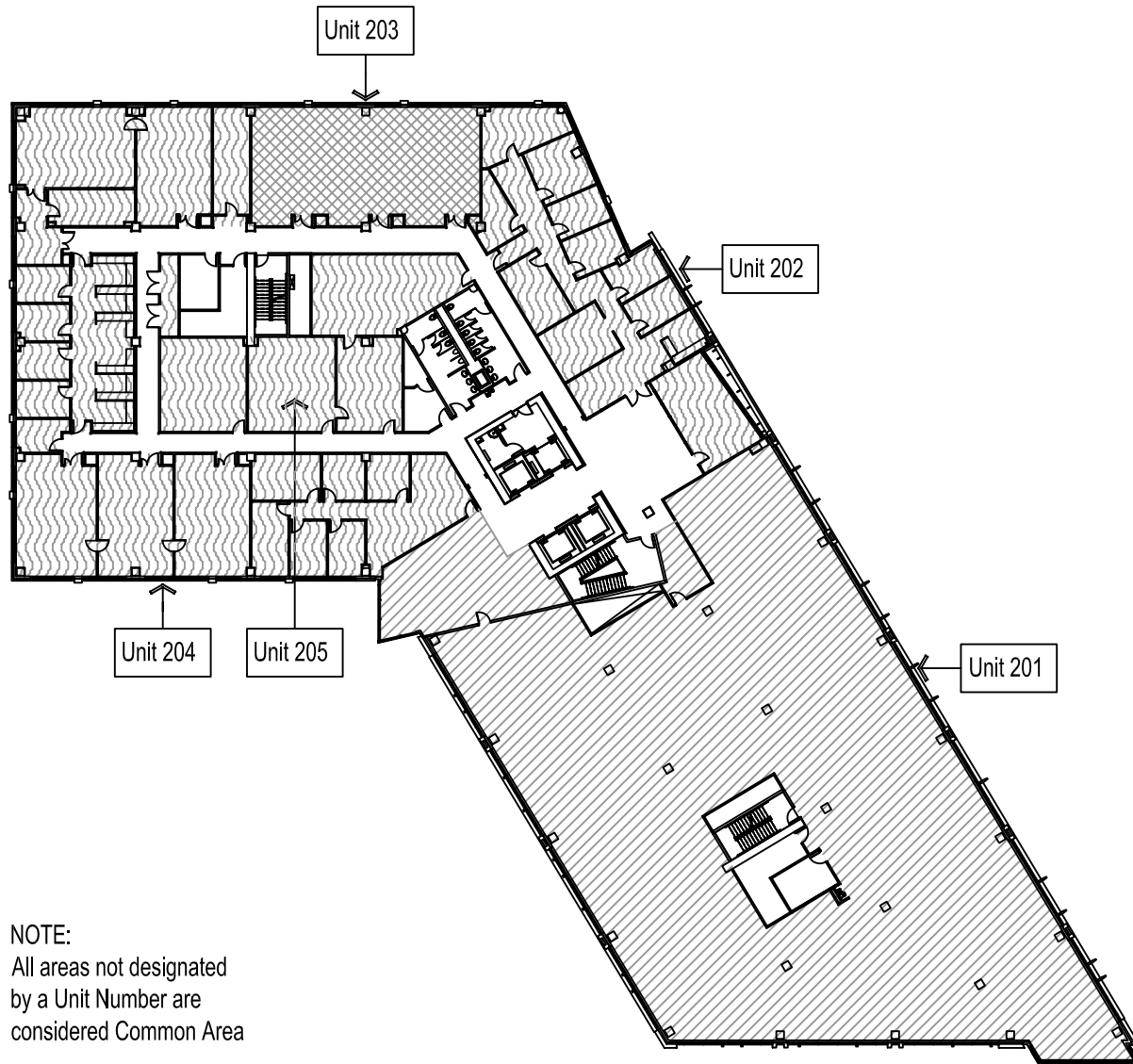
Secretary

EXHIBIT C
PLAT
[to be attached]

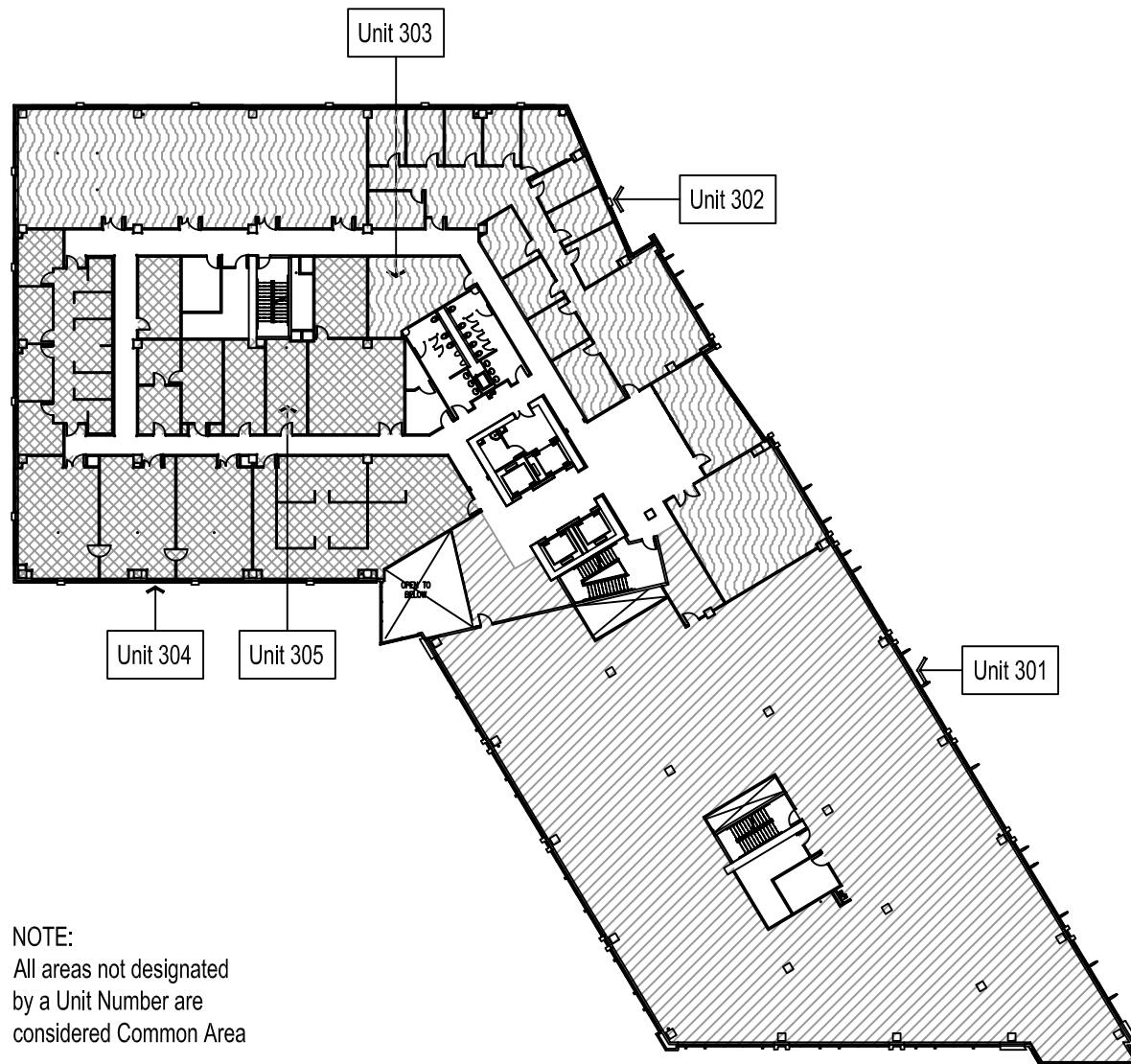




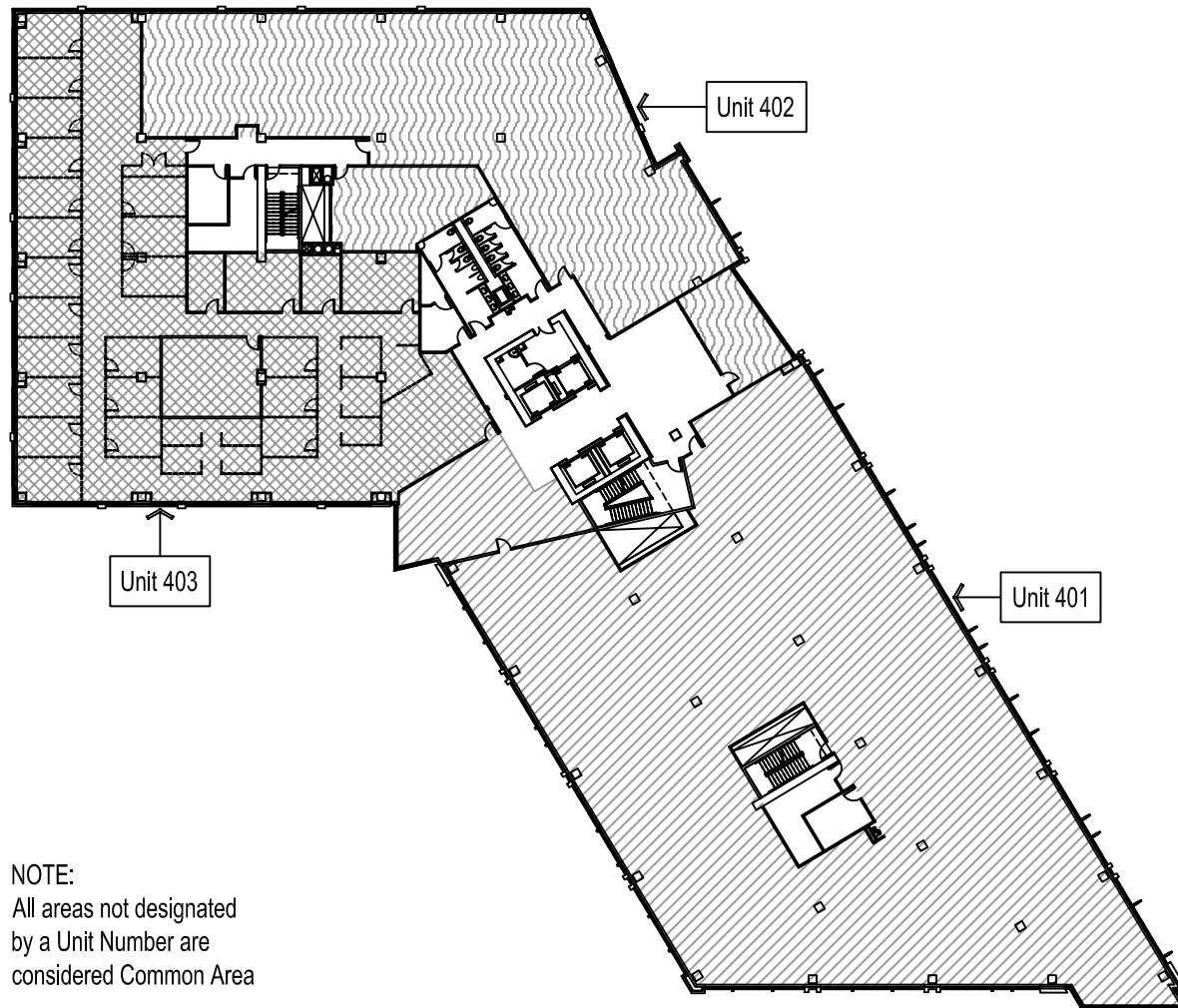
NOTE:
All areas not designated
by a Unit Number are
considered Common Area



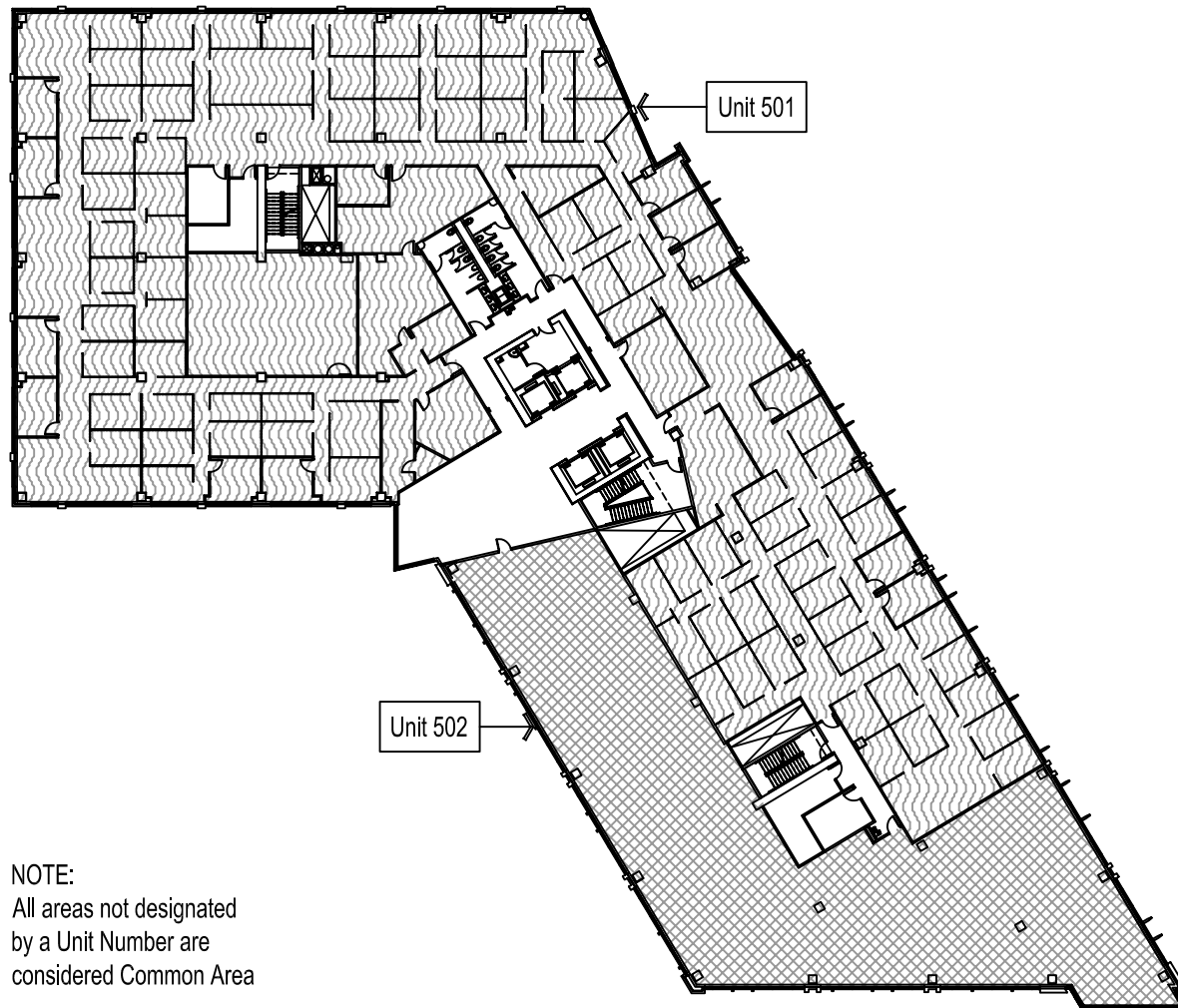
NOTE:
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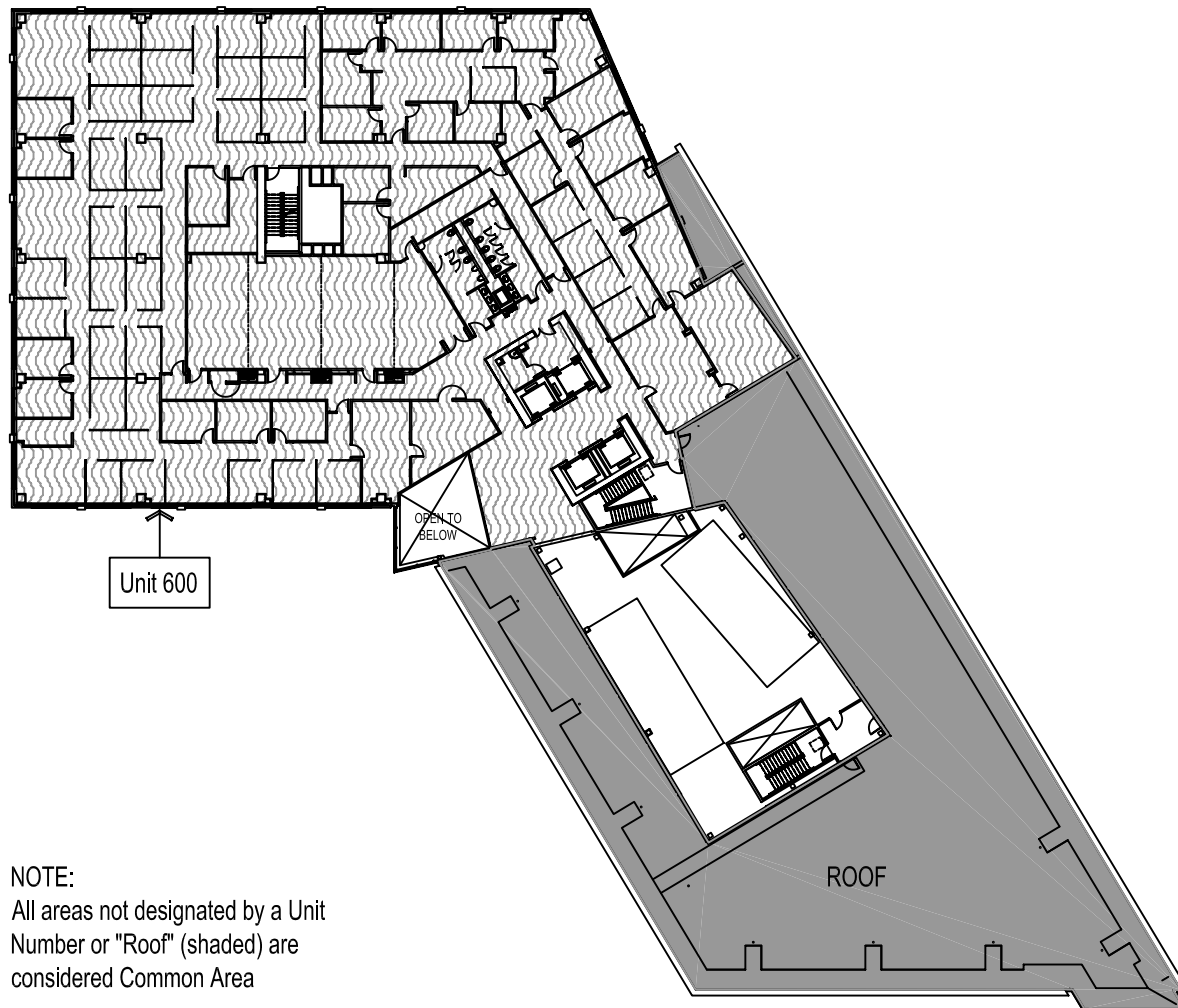
NOTE:
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by a Unit Number are
considered Common Area



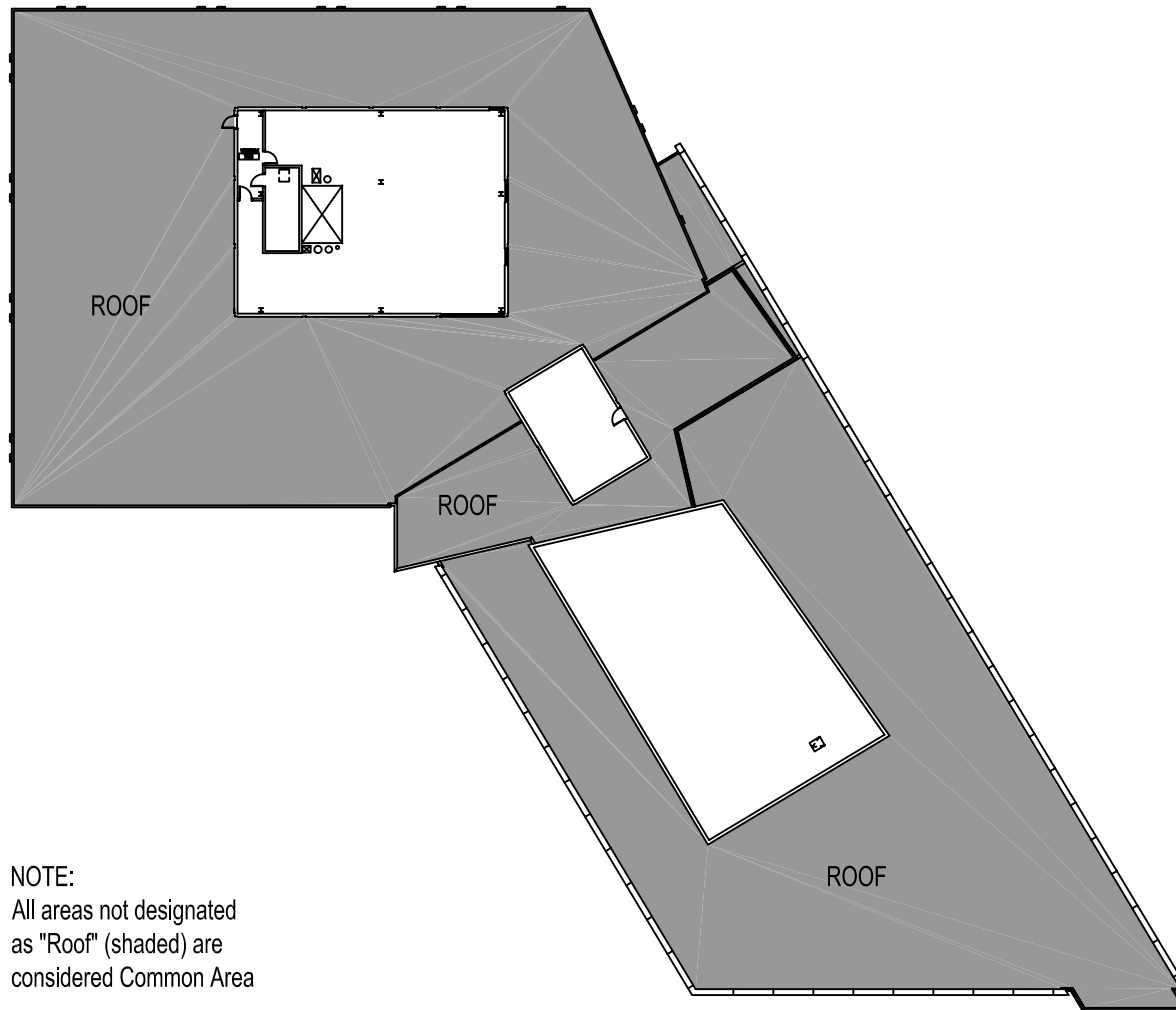
NOTE:
All areas not designated
by a Unit Number are
considered Common Area



NOTE:
All areas not designated
by a Unit Number are
considered Common Area



NOTE:
All areas not designated by a Unit
Number or "Roof" (shaded) are
considered Common Area



NOTE:
All areas not designated
as "Roof" (shaded) are
considered Common Area

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EXHIBIT D
LIMITED COMMON AREA
[to be attached]

EXHIBIT D
LIMITED COMMON AREA

The Drawing attached hereto as **Exhibit D-1** depicts all of the Limited Common Area in the Idaho Water Center Condominiums.

The space identified as “LCA B-107” is Limited Common Area appurtenant to Unit 107.

The space identified as “LCA B-201” is Limited Common Area appurtenant to Unit 201.

The space identified as “LCA B-403” is Limited Common Area appurtenant to Unit 403.

The space identified as “LCA B-600” is Limited Common Area appurtenant to Unit 600.

EXHIBIT E
PERCENTAGE OF COMMON AREA OWNERSHIP
[to be attached]

EXHIBIT E

The Allocated Interests are set according to the relative values of the Units. For purposes of calculating relative values, the Unit size is adopted as the measurement of value.

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Legal Description	Unit Size (sq. ft.)	LCA Size (sq. ft.)	Allocated Interest in Common Area (%)
Uldaho LCA B-107		785	0.47%
USFS LCA B-403		1,011	0.61%
LCA B-201		84	0.05%
IDWR LCA B-600		1,189	0.71%
Uldaho Unit 101	3,044		1.83%
Uldaho Unit 102	175		0.11%
IDWR Unit 103	418		0.25%
Uldaho Unit 104	7,634		4.59%
Retail Unit 105	2,366		1.42%
IDWR Unit 106	137		0.08%
Uldaho Unit 107	7,117		4.28%
CH ₂ M Hill Unit 201	15,631		9.39%
Uldaho Unit 202	3,147		1.89%
ISU Unit 203	1,890		1.14%
Uldaho Unit 204	7,110		4.27%
Uldaho Unit 205	2,389		1.44%
CH ₂ M Hill Unit 301	14,089		8.46%
Uldaho Unit 302	7,980		4.79%
Uldaho Unit 303	432		0.26%
USFS Unit 304	4,897		2.94%
USFS Unit 305	2,241		1.35%
CH ₂ M Hill Unit 401	15,549		9.34%
Uldaho Unit 402	7,138		4.29%
USFS Unit 403	8,966		5.39%
IDWR Unit 501	23,200		13.94%
CH ₂ M future Unit 502	8,258		4.96%
IDWR Unit 600	19,584		11.76%
Sub-totals	163,392	3,069	
Total combined Units & LCA (Limited Common Area)	166,461		100.00%

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 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.

BACKGROUND

The Campus Master Plan indicates the long-range need for the college to acquire additional property near campus which will eventually be used for expansion and/or parking. The three units of property are owned by the same person. The properties listed are one block north of the campus.

	<u>Appraisal Price</u>	<u>Purchase Price</u>
Property: 504 Sixth Avenue, Lewiston	\$270,000	\$270,000
508 Sixth Avenue, Lewiston	95,000	95,000
512 Sixth Avenue, Lewiston	<u>98,000</u>	<u>95,000</u>
Total:	\$463,000	\$460,000

DISCUSSION

The properties will become rental units for the college until a further need is developed.

IMPACT

The purchase price of \$460,000 is in line with the appraised value and an unsecured promissory note will be used to purchase the properties. Rental income generated will offset purchase price.

STAFF COMMENTS AND RECOMMENDATIONS

Appraisals were conducted, and can be found at Attachments 1 – 3. A financial analysis showing anticipated revenue is found at Attachment 4. LCSC indicates the promissory note will be annually renewable until the college has enough revenue to roll into a bond or other long-term instrument. The purchases will be amortized over twenty years. The houses are near the LCSC campus, making them valuable to the college as rental units. For this reason the purchase amounts are at the appraised value. Monthly revenue will exceed payments by approximately \$400.00.

Staff has reviewed the proposed purchase and recommends approval.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
LEWIS-CLARK STATE COLLEGE - continued

BOARD ACTION

A motion to approve the purchase of three properties located at 504 6th Avenue, 508 6th Avenue, and 512 6th Avenue, all in Lewiston, Idaho, for a total amount of \$460,000, 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 _____

White Appraisal Services
357 W. Reservoir Drive
Lewiston, ID 83501

03/15/2005

Huff, Charles and Nancy
523 6th Avenue
Lewiston, ID 83501

RE: Lewis Clark State College
504 6th Avenue
Lewiston, ID 83501
File No. PR05L133
Case No. N/A

Dear

In accordance with your request, I have personally inspected and prepared an appraisal report of the real property located at:

504 6th Avenue, Lewiston, ID 83501

The purpose of this appraisal is to estimate the market value of the property described in the body of this appraisal report.

Enclosed, please find the appraisal report which describes certain data gathered during our investigation of the property. The methods of approach and reasoning in the valuation of the various physical and economic factors of the subject property are contained in this report.

An inspection of the property and a study of pertinent factors, including valuation trends and an analysis of neighborhood data, led the appraiser to the conclusion that the market value, as of 03/08/2005 is:

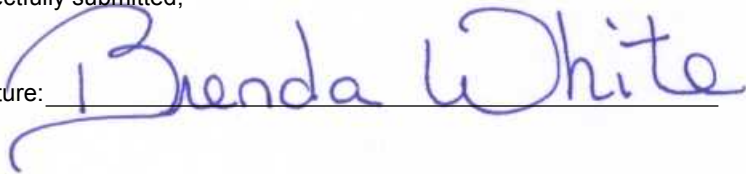
\$ 270,000

The opinion of value expressed in this report is contingent upon the limiting conditions attached to this report.

It has been a pleasure to assist you. If I may be of further service to you in the future, please let me know.

Respectfully submitted,

Signature: _____



Brenda White
White Appraisal Services

APPRAISAL REPORT

of

Single Family Residence

at

504 6th Avenue

Lewiston, ID 83501

As Of:

03/08/2005

Prepared For:

Huff, Charles and Nancy
523 6th Avenue
Lewiston, ID 83501

Prepared By:

Brenda White
White Appraisal Services
357 W. Reservoir Drive
Lewiston, ID 83501

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Desktop Underwriter Quantitative Analysis Appraisal Report

THIS SUMMARY APPRAISAL REPORT IS INTENDED FOR USE BY THE LENDER/CLIENT FOR A MORTGAGE FINANCE TRANSACTION ONLY.

SUBJECT

Property Address

504 6th Avenue

City

Lewiston

State

ID

Zip Code

83501-2423

Legal Description

Lot 7 and the West 10' of Lot 6, Block 2 of North Park Place; Lewiston

County

Nez Perce

Assessor's Parcel No.

RP L1060002007A A

Tax Year

2004

R.E. Taxes \$

3,784.98

Special Assessments \$

N/A

Borrower

Lewis Clark State College

Current Owner

Huff, Charles

Occupant

☐

Owner

☐

Tenant

☐

Vacant

☒

Neighborhood or Project Name

N/A

Project Type

☐ PUD

☐ Condominium

HOA\$

N/A

/Mo.

Sales Price \$

270,000

Date of Sale

Pending

Description /\$ amount of loan charges/concessions to be paid by seller

Half of Closing costs

Property rights appraised

☒

Fee Simple

☐ Leasehold

Map Reference

MLS Area L1

Census Tract

9903.00

NEIGHBORHOOD

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Location

☐ Urban

☒ Suburban

☐ Rural

Property values

☐ Increasing

☒ Stable

☐ Declining

Single family housing PRICE \$ (000)

AGE (yrs)

Condominium housing PRICE \$ (000) (if applic.) AGE (yrs)

Built up

☒ Over 75%

☐ 25-75%

☐ Under 25%

Demand/supply

☐ Shortage

☒ In balance

☐ Over supply

40

Low

New

45

Low

New

Growth rate

☐ Rapid

☒ Stable

☐ Slow

Marketing time

☐ Under 3 mos.

☒ 3-6 mos.

☐ Over 6 mos.

650

High

105

350

High

35

Neighborhood boundaries

The subject is located in the city limits of Lewiston. The boundaries of the subject's neighborhood area are: Main Street to the North, 29th Street to the East, 16th Avenue to the South and Snake River Avenue to the West.

Predominant

Predominant

110

45

95

5

SITE

Dimensions

60' x 142' +/-

Site area

0.20 +/-Acres

Shape

Rectangular/Typical

Specific zoning classification and description

R-4 Higher Density Residential

Zoning compliance

☒ Legal

☐ Legal nonconforming (Grandfathered use)

☐ Illegal, attach description

☐ No zoning

Highest and best use of subject property as improved (or as proposed per plans and specifications):

☒ Present use

☐ Other use, attach description.

Utilities

Public

Other

Public

Other

Off-site Improvements

Type

Public

Private

Electricity

☒

Water

☒ Per Assessor

Street

Asphalt/Typical

☒

Gas

☒

Sanitary sewer

☒ Per Assessor

Alley

Yes/Typical

☒

Are there any apparent adverse site conditions (easements, encroachments, special assessments, slide areas, etc.)?

☐ Yes

☒ No

If Yes, attach description.

IMPROVEMENTS

Source(s) used for physical characteristics of property:

☒ Interior and exterior inspection

☐ Exterior inspection from street

☐ Previous appraisal files

☐ MLS

☒ Assessment and tax records

☐ Prior inspection

☒ Property owner

☐ Other(Describe):

No. of Stories

Two

Type (Det./Att.)

Detached

Exterior Walls

Metal

Roof Surface

Shag

Manufactured housing

☐ Yes

☒ No

Does the property generally conform to the neighborhood in terms of style, condition, and construction materials?

☒ Yes

☐ No

If No, attach description.

Are there any apparent physical deficiencies or conditions that would affect the soundness or structural integrity of the improvements or the livability of the property?

☐ Yes

☒ No

If Yes, attach description.

Are there any apparent adverse environmental conditions (hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property?

☐ Yes

☒ No

If Yes, attach description.

QUANTITATIVE SALES COMPARISON ANALYSIS

I researched the subject market area for comparable listings and sales that are the most similar and proximate to the subject property.

My research revealed a total of 4 sales ranging in sales price from \$ 160,000 to \$ 300,000.

My research revealed a total of 3 listings ranging in list price from \$ 160,000 to \$ 300,000.

The analysis of the comparable sales below reflects market reaction to significant variations between the sales and the subject property.

FEATURE	SUBJECT	SALE # 1	SALE # 2	SALE # 3
Address	504 6th Avenue Lewiston	725 Prospect Avenue Lewiston	1822 18th Avenue Lewiston	1608 17th Avenue Lewiston
Proximity to Subject		0.23 miles	1.30 miles	1.15 miles
Sales Price	\$ 270,000	\$ 195,000	\$ 281,500	\$ 169,000
Price/Gross Liv. Area	\$ 96.05 <input checked="" type="checkbox"/>	\$ 98.48 <input checked="" type="checkbox"/>	\$ 85.38 <input checked="" type="checkbox"/>	\$ 80.13 <input checked="" type="checkbox"/>
Data & Verification Sources		MLS# 98299/Ass/Inspection	MLS# 98615/Ext Inspection	MLS# 101810/Ass/Inspection
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION + (-) \$ Adjustment	DESCRIPTION + (-) \$ Adjustment	DESCRIPTION + (-) \$ Adjustment
Sales or financing		Conventional	Conventional	Cash
Concessions		None Known	None Known	None Known
Date of Sale/Time		03/01/2004	12/22/2004	02/28/2005
Location	Average	Average	Average	Average
Site	0.20 +/-Acres	0.16 +/-Acres -4,000	1.23 +/-Acres -25,000	0.24 +/-Acres
View	Neighborhood	Neigh-River	Neighborhood	Neighborhood
Design (Style)	2 Story/Average	2 Story/Avg	2.5 Story/Avg	2 Story/Avg
Actual Age (Yrs.)	105a/25e	72a/25e	98a/25	95a/25e
Condition	Average	Average	Average	Average
Above Grade	Total Bdrms Baths	Total Bdrms Baths	Total Bdrms Baths	Total Bdrms Baths
Room Count	9 3 3.00	7 4 2.00	7 4 2.50	6 2 1.50
Gross Living Area	2,811 Sq. Ft.	1,980 Sq. Ft. +15,000	3,297 Sq. Ft. -8,700	2,109 Sq. Ft. +12,600
Basement & Finished	1,088 Unfnsd	468 Unfnsd +4,300	845 Part Fnspd +1,700	None +7,600
Rooms Below Grade	0-0-0	0-0-0	0-0-.5 -1,000	0-0-0
Garage/Carport	2 Car Garage	1 Car Garage +3,000	2 Car Garage	None +5,000
Amenities	CvPch/Bal/Pat/Fp/Fn	Patio/CovPat/2Fp	CvPch/Pat/2Fp/Fn	CvPch/Pat/Fp/Fn
Amenities	CAC/SpS/GstHs	CAC/SpS +55,000	CAC/SpS/ScSys/PI +44,000	CAC/SpS/Pool +47,000
Net Adj. (total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 75,300	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 12,000	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 75,200
Adjusted Sales Price of Comparables		Net=39% Gross=43% \$ 270,300	Net=4% Gross=29% \$ 293,500	Net=44% Gross=44% \$ 244,200
Date of Prior Sale	No prior sales	No sales have occurred	No sales have occurred	No sales have occurred
Price of Prior Sale	\$ in 36 months.	\$ in the last 12 months.	\$ in past 12 months.	\$ in the last 12 months.
Analysis of any current agreement of sale, option or listing of the subject property and analysis of the prior sales of subject and comparables: See Comment				
Addendum.				
Summary of sales comparison and value conclusion: The subject is typical for the neighborhood and would market well. The comparables displayed were carefully selected and are considered to be the best indicators of the subject's market value.				
Sources of data included; Lewiston Multiple Listing Service, The Nez Perce County Assessors Office, appraisal files, realtor interviews, and appraisers daily exposure to the market. All comparables were given appropriate consideration in determining the subject's estimated market value. The date of sale on the sales comparison grid unless otherwise noted, is reportedly the close of escrow date.				
This appraisal is made <input checked="" type="checkbox"/> "as-is", <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, or <input type="checkbox"/> subject to the following repairs, alterations or conditions:				
BASED ON AN <input type="checkbox"/> EXTERIOR INSPECTION FROM THE STREET OR AN <input checked="" type="checkbox"/> INTERIOR AND EXTERIOR INSPECTION, I ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT TO BE \$ 270,000 , AS OF 03/08/2005				

Fannie Mae Form 2055 9-96

ClickFORMS Appraisal Software 800-622-8727

Page 1 of 15

Desktop Underwriter Quantitative Analysis Appraisal Report

PUD

Project Information for PUDs (If applicable) - - Is the developer/builder in control of the Home Owners' Association (HOA)? ☐ Yes ☐ No

Provide the following information for PUDs only if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit:

Total number of phases _____

Total number of units _____

Total number of units sold _____

Total number of units rented _____

Total number of units for sale _____

Data Source(s) _____

Was the project created by the conversion of existing buildings into a PUD? ☐ Yes ☐ No If yes, date of conversion: _____

Does the project contain any multi-dwelling units? ☐ Yes ☐ No Data Source: _____

Are the common elements completed? ☐ Yes ☐ No If No, describe status of completion: _____

Are any common elements leased to or by the Home Owners' Association? ☐ Yes ☐ No

If yes, attach addendum describing rental terms and options.

Describe common elements and recreational facilities: _____

CONDOMINIUM

Project Information for Condominiums (If applicable) - - Is the developer/builder in control of the Home Owners' Association (HOA)? ☐ Yes ☐ No

Provide the following information for all Condominium Projects:

Total number of phases _____

Total number of units _____

Total number of units sold _____

Total number of units rented _____

Total number of units for sale _____

Data Source(s) _____

Was the project created by the conversion of existing buildings into a condominium? ☐ Yes ☐ No If yes, date of conversion: _____

Project Type: ☐ Primary Residence ☐ Second Home or Recreational ☐ Row or Townhouse ☐ Garden ☐ Midrise ☐ Highrise ☐ _____

Condition of the project, quality of construction, unit mix, etc.: _____

Are the common elements completed? ☐ Yes ☐ No

If No, describe status of completion: _____

Are any common elements leased to or by the Home Owners' Association? ☐ Yes ☐ No

If yes, attach addendum describing rental terms and options.

Describe common elements and recreational facilities: _____

PURPOSE OF APPRAISAL: The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report based on a quantitative sales comparison analysis for use in a mortgage finance transaction.

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 judgment.

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 any required sketch in the appraisal report to show approximate dimensions of the improvments and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's detemination of its size.

3. 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.

4. The appraiser has noted in the appraisal report any adverse conditions (such as, but not limited to, needed repairs, 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, expressed 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.

5. 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.

6. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.

7. 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 report 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.

8. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed.

9. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.

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

1. I performed this appraisal by (1) personally inspecting from the street the subject property and neighborhood and each of the comparable sales (unless I have otherwise indicated in this report that I also inspected the interior of the subject property); (2) collecting, confirming, and analyzing data from reliable public and/or private sources; and (3) reporting the results of my inspection and analysis in this summary appraisal report. I further certify that I have adequate information about the physical characteristics of the subject property and the comparable sales to develop this appraisal.

2. I have researched and analyzed the comparable sales and offerings/listings in the subject market area and have reported the comparable sales in this report that are the best available for the subject property. I further certify that adequate comparable market data exists in the general market area to develop a reliable sales comparison analysis for the subject property.

3. 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 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, have considered these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them, and have commented about the effect of the adverse conditions on the marketability of the subject property. 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.

4. 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.

5. I have no present or prospective interest in the property that is the subject of 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, age, marital status, 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 or on any other basis prohibited by law.

6. 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.

7. 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.

8. I estimated the market value of the real property that is the subject of this report based on the sales comparison approach to value. I further certify that I considered the cost and income approaches to value, but, through mutual agreement with the client did not develop them, unless I have noted otherwise in the report.

9. I performed this appraisal as a limited appraisal, subject to the Departure Provision of 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 the place as of the effective date of the appraisal (unless I have otherwise indicated in this report that the appraisal is a complete appraisal, in which case, the Departure Provision does not apply).

10. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value. The exposure time associated with the estimate of market value for the subject property is consistent with the marketing time noted in the Neighborhood section of this report. The marketing period concluded for the subject property at the estimated market value is also consistent with the marketing time noted in the Neighborhood section.

11. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. I further certify that no one provided significant professional assistance to me in the development of this appraisal.

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 examined the appraisal report for compliance with the Uniform Standards of Professional Appraisal Practice, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 5 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

APPRAISER:

Signature:	
Name:	Brenda White
Company Name:	White Appraisal Services
Company Address:	357 W. Reservoir Drive Lewiston, ID 83501
Date Report Signed:	03/11/2005
State Certification #:	CRA-384
or State License #:	
State:	ID
Expiration Date of Certification or License:	04/16/2005

SUPERVISORY APPRAISER (ONLY IF REQUIRED):

Signature:	
Name:	
Company Name:	
Company Address:	
Date Report Signed:	
State Certification #:	
or State License #:	
State:	
Expiration Date of Certification or License:	

ADDRESS OF PROPERTY APPRAISED:

504 6th Avenue	
Lewiston, ID 83501	
APPRAISED VALUE OF SUBJECT PROPERTY \$	270,000
EFFECTIVE DATE OF APPRAISAL/INSPECTION	03/08/2005

LENDER/CLIENT:

Name: _____
 Company Name: Huff, Charles and Nancy
 Company Address: 523 6th Avenue
Lewiston, ID 83501

SUPERVISORY APPRAISER:

SUBJECT PROPERTY

- ☐ Did not inspect subject property
☐ Did inspect exterior of subject property from street
☐ Did inspect interior and exterior of subject property

COMPARABLE SALES

- ☐ Did not inspect exterior of comparable sales from street
☐ Did inspect exterior of comparable sales from street

Borrower Lewis Clark State College						
Property Address 504 6th Avenue						
City	Lewiston	County	Nez Perce	State	ID	Zip Code 83501-2423
Lender/Client Huff, Charles and Nancy		Address 523 6th Avenue, Lewiston, ID 83501				

IMPROVEMENTS:

The subject was a bed and breakfast. The bed and breakfast is now closed but the subject is still set up for a bed and breakfast or a single family residents. The subject reflect the era in which it was built in with the amenities of modern times. The subject includes, but is not limited to the following amenities: air filtration system, lighted ceiling fan above the stairs and three second floor bedrooms, kitchen has a island - built-in desk and instant hot water, gas fireplace with original mantel, second floor balcony has an tiled floor area, central air conditioner, a 1,435 square foot 2-story guest house that was finished in 1989 with a living room - two bedrooms - two and half bathrooms and its own furnace, fence, and underground sprinkler system. The guest house was given a value of \$55,000.

Per the owner the kitchen was remodeled the kitchen in 1980 and installed the aluminum siding in 1979.

CONDITION OF THE APPRAISAL:

This report is intended to be a summary appraisal report of a complete appraisal as defined in Standard 2-2(b) of the Uniform Standards of Professional Practices. The information in the appraisal is a summary of the information in the appraiser's work file. The departure provision was not invoked. This appraisal is "As-Is".

Homes that exceed or are lower than predominant neighborhood values are not uncommon in the central Idaho's market. Housing styles, condition, age, site size and values of homes within central Idaho's neighborhoods tend to vary more than is typical in many other markets. Newer and larger homes have been constructed in neighborhood where older more modest homes have been predominant for many years. This is even more common in downtown Lewiston. This situation has become even more prevalent since the late 1980's when central Idaho's economy started to improve and the local housing industry began its recovery. The variety of homes does not effect marketability or appeal.

SALES ANALYSIS:

The subject is a pending sale. The subject has not sold in the last 36 months and comparables used have not sold in the last 12 months, per the MLS.

The purpose of the appraisal for the subject property is to aid in a market value decision for the buyer-client. This appraisal report is prepared for the sole and exclusive use of the lender, Lewis-Clark State College, to assist with the mortgage lending decision. No third parties are authorized to rely upon this report without the express written consent of the appraiser. The appraiser did not inspect the interior of the subject. The appraiser does not guarantee the condition on the interior. There is an extraordinary assumption that the interior of the subject is average. The appraiser is not a home inspection. This report should not be relied upon to disclose any conditions present in the subject property. The appraisal report does not guarantee that the property is free of defects. A professional home inspection is recommended. Idaho is a non-disclosure state, therefore the actual sales amounts for any past sales have been provided from the Lewiston Multiple Listing service records. No warranties are made to the accuracy of these dollar amounts.

SALES COMPARISON-RECONCILIATION:

Sources of data included the Lewiston Multiple Listing Service, the Nez Perce County Assessors office and the appraisers files. The appraisal is to estimate the subject's market value. All comparables were given appropriate consideration in determining the subject's estimated market value. The adjustments made in the appraisal report appear to be market derived. The appraiser's judgment played a part in determining the proper adjustments. It is assumed that no market differences have occurred between the effective date of the appraisal and the date the appraisal was signed. The effective age of the subject and comparables are determined from a 60 year economic age.

QUALIFICATIONS:

Marie Mottern is a trainee under a certified residential appraiser in the states of Idaho and Washington, significantly contributed to all aspects of the appraisal report.

Lender/Client	Huff, Charles and Nancy	Address 523 6th Avenue, Lewiston, ID 83501
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The appraiser departed from the cost approach and the income approach.

APPRAISER'S CERTIFICATION:

The following Certification statements are in addition to and may supercede the signed Appraiser's Certification attached to this appraisal report. This Appraiser's Certification is compliant with the current edition of the Uniform Standards of Professional Appraisal Practice.

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties invoved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignement is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

I ☒ have ☐ have not made a personal inspection of the property that is the subject of this report. (If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)

No one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance must be stated.)

PURPOSE, INTENDED USE, AND INTENDED USER OF THE APPRAISAL:

The purpose of the appraisal is to estimate the market value of the subject property, as defined in this report, as of the effective date of this report. The intended use of the appraisal is to assist the client and any other intended users in the underwriting, approval, and funding of the mortgage loan. The intended users of this report are the stated client and any other institutions involved in the underwriting , approval, and funding of the mortgage loan. No one else, including the purchaser and seller, should rely on the estimate of value or any other conclusions contained in this appraisal report.

ANALYSIS AND REPORT FORM:

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, listings, and/or rentals within the subject market area.

The original source of the comparable data described in the Data Source section of the market grid along with the source of confirmation provided, where available, the original source is presented first. The sources and data are considered reliable. When conflicting information was provided, source deemed most reliable has been used. Data believed to be unreliable was not included in the report or used as a basis for the value conclusion. The extent of the analysis to this assignment is stated in the Appraiser's Certification included above and attached to this report.

DEFINITION OF INSPECTION:

The term "Inspection", as used in this report, is not the same level of inspection that is required for a "Professional Home Inspection". The appraiser does not fully inspect the electrical system, plumbing systems, mechanical systems, foundation system, floor structure, or subfloor. The appraiser is not an expert in construction materials and the purpose of the appraisal is to make an economic evaluation of the subject property. If the client needs a more detailed inspection of the property, a home inspection, by a Professional Home Inspector, is suggested.

DIGITAL SIGNATURES:

The signature(s) affixed to this report, and certification, were applied by the original appraiser(s) or supervisory appraiser and represent their acknowledgements of the facts, opinions and conclusions found in the report. Each appraiser(s) applied his or her signature electronically using a password encrypted method. Hence these signatures have more safeguards and carry the same validity as the individual's hand applied signature. If the report has a hand-applied signature, this comment does not apply.

OPINION OF MARKET VALUE VS ESTIMATE OF MARKET VALUE:

The current Uniform Standards of Professional Appraisal Practice defines the market value conclusion as an opinion of market value and not an estimate of market value.

THREE YEAR SALES HISTORY FOR THE SUBJECT PROPERTY:

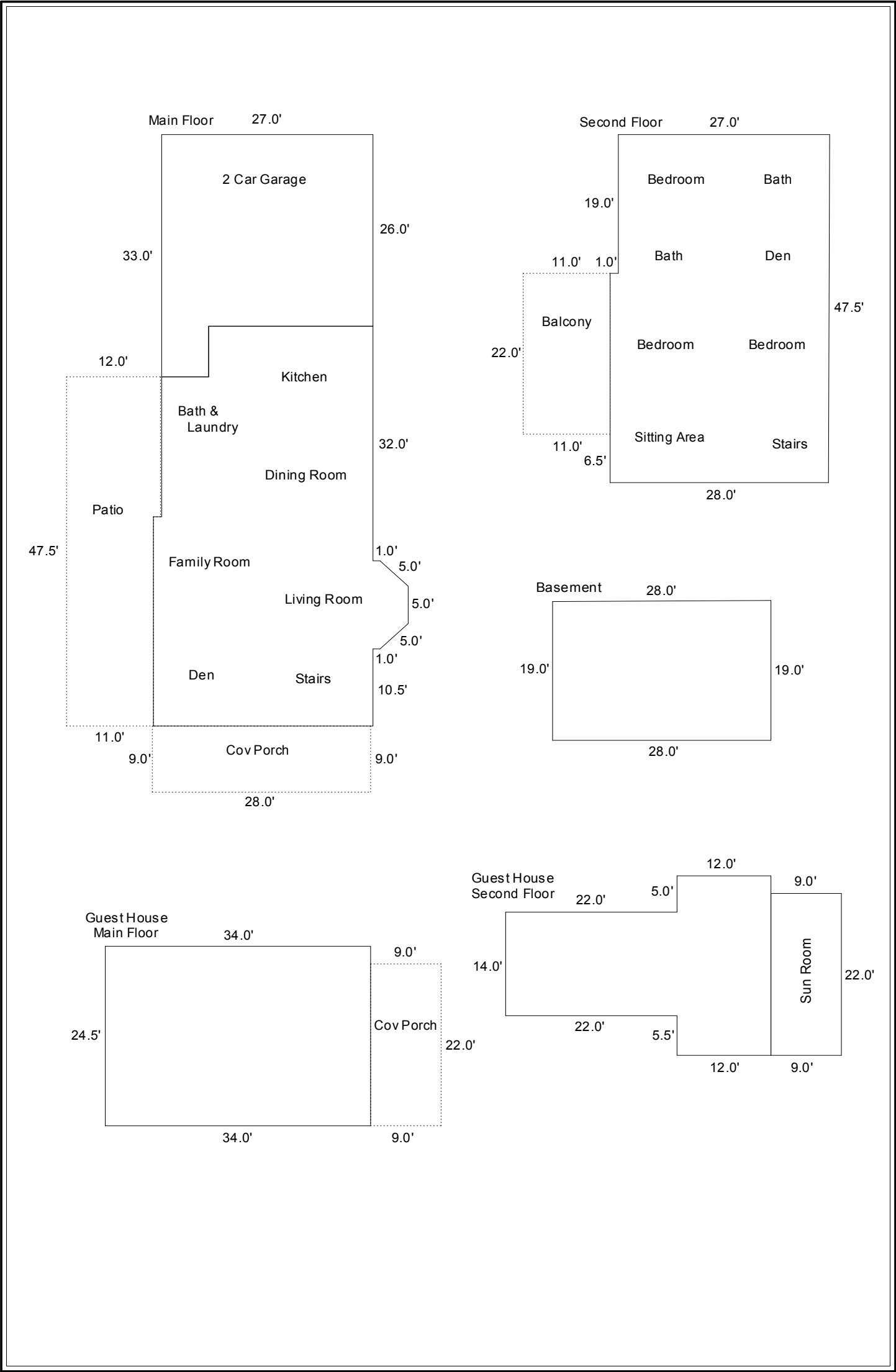
The appraiser has complied with Standards Rule 1-5b and 2-2b (ix) requiring the appraiser to analyze and report all sales of the subject property that occurred within the three (3) years prior to the effective date of the appraisal. If this information was available to the appraiser(s), it is reported in the subject column of Sales Comparison Analysis section of the appraisal report.

EXPOSURE PERIOD:

By studying the sales of similar comparable residential properties with value ranges as identified in the Neighborhood section of this report and discussions with individuals knowledgeable of current neighborhood trends in the subject area, the appraiser feels that the exposure time for the subject property is equal to the indicated Marketing Time identified in the Neighborhood section of this appraisal report.

<div>Signature</div> <div></div>		<div>Signature</div> <div></div>		<div><input type="checkbox"/> Did <input type="checkbox"/> Did Not</div> <div>Inspect Property</div>	
<div>Name</div> <div>Brenda White</div>		<div>Name</div> <div></div>			
<div>Date Report Signed</div> <div>03/11/2005</div>		<div>Date Report Signed</div> <div></div>			
<div>State Certification #</div> <div>CRA-384</div>		<div>State Certification #</div> <div></div>		<div>State</div> <div></div>	
<div>Or State License #</div> <div></div>		<div>Or State License #</div> <div></div>		<div>State</div> <div></div>	

Borrower	Lewis Clark State College						
Property Address	504 6th Avenue						
City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy			Address	523 6th Avenue, Lewiston, ID 83501		



Borrower	Lewis Clark State College					
Property Address	504 6th Avenue					
City	Lewiston	County	Nez Perce	State	ID	Zip Code 83501-2423
Lender/Client	Huff, Charles and Nancy		Address	523 6th Avenue, Lewiston, ID 83501		

SKETCH CALCULATIONS	Perimeter	Area
Living Area		
First Floor		
A1 : 21.0 x 7.0 =		147.0
A2 : 27.0 x 19.0 =		513.0
A3 : 28.0 x 6.0 =		168.0
A4 : 32.5 x 5.0 =		162.5
A5 : 28.0 x 10.5 =		294.0
A6 : 0.5 x 3.5x3.5 =		6.1
A7 : 29.0 x 3.5 =		101.5
A8 : 0.5 x 3.5x3.5 =		6.1
A9 : 29.0 x 3.5 =		101.5
		1499.7
Second Floor		
A10 : 27.0 x 19.0 =		513.0
A11 : 28.0 x 28.5 =		798.0
		1311.0
Basement		
A12 : 28.0 x 19.0 =		532.0
		532.0
Total Living Area		3342.7
Garage Area		
Attached Garage		
A13 : 27.0 x 26.0 =		702.0
A14 : 6.0 x 7.0 =		42.0
		744.0
Total Garage Area		744.0
Porch Area		
CovPorch		
A15 : 28.0 x 9.0 =		252.0
		252.0
Porch-GuestHouse		
A16 : 9.0 x 22.0 =		198.0
		198.0
Total Porch Area		450.0
Patio/Deck Area		
Patio		
A17 : 12.0 x 19.0 =		228.0
A18 : 11.0 x 28.5 =		313.5
		541.5
Balcony		
A19 : 11.0 x 22.0 =		242.0
		242.0
Total Patio/Deck Area		783.5
Storage Area		
Guest House		
A20 : 34.0 x 24.5 =		833.0
		833.0
Guest House-2nd Floor		
A21 : 12.0 x 5.0 =		60.0
A22 : 34.0 x 14.0 =		476.0
A23 : 12.0 x 5.5 =		66.0
		602.0
Sun Room		
A24 : 9.0 x 22.0 =		198.0
		198.0
Total Storage Area		1633.0

White Appraisal Services
SUBJECT PHOTO ADDENDUM

File No. PR05L133
Case No. N/A

Borrower	Lewis Clark State College						
Property Address	504 6th Avenue						
City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy			Address	523 6th Avenue, Lewiston, ID 83501		



**FRONT OF
SUBJECT PROPERTY**
504 6th Avenue
Lewiston, ID 83501



**REAR OF
SUBJECT PROPERTY**



STREET SCENE

White Appraisal Services
SUBJECT PHOTO ADDENDUM

File No. PR05L133
Case No. N/A

Borrower	Lewis Clark State College						
Property Address	504 6th Avenue						
City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy			Address	523 6th Avenue, Lewiston, ID 83501		



Guest House



Guest House



Second Floor of
Guest House

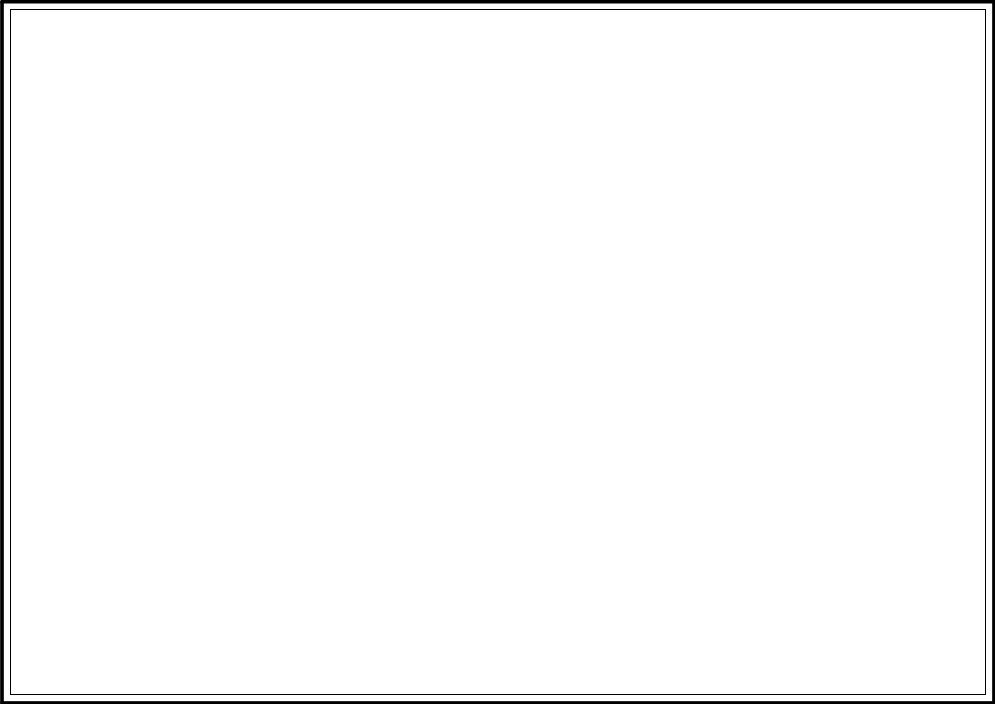
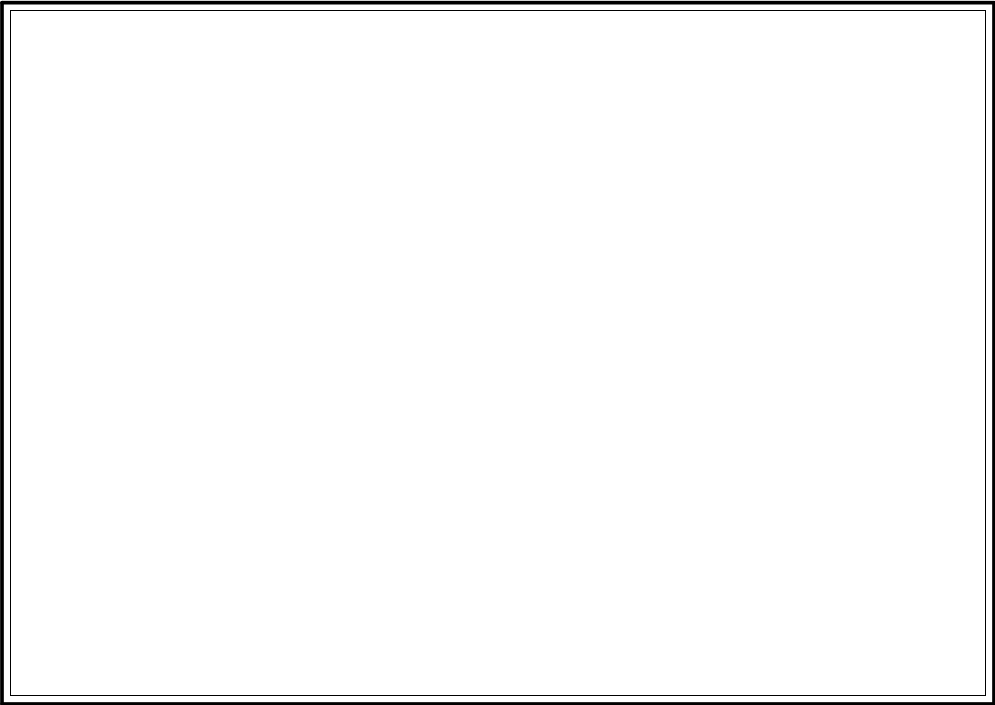
White Appraisal Services
SUBJECT PHOTO ADDENDUM

File No. PR05L133
Case No. N/A

Borrower	Lewis Clark State College						
Property Address	504 6th Avenue						
City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy		Address	523 6th Avenue, Lewiston, ID 83501			



Kitchen



Borrower	Lewis Clark State College						
Property Address	504 6th Avenue						
City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy			Address	523 6th Avenue, Lewiston, ID 83501		



COMPARABLE SALE # 1
725 Prospect Avenue
Lewiston



COMPARABLE SALE # 2
1822 18th Avenue
Lewiston

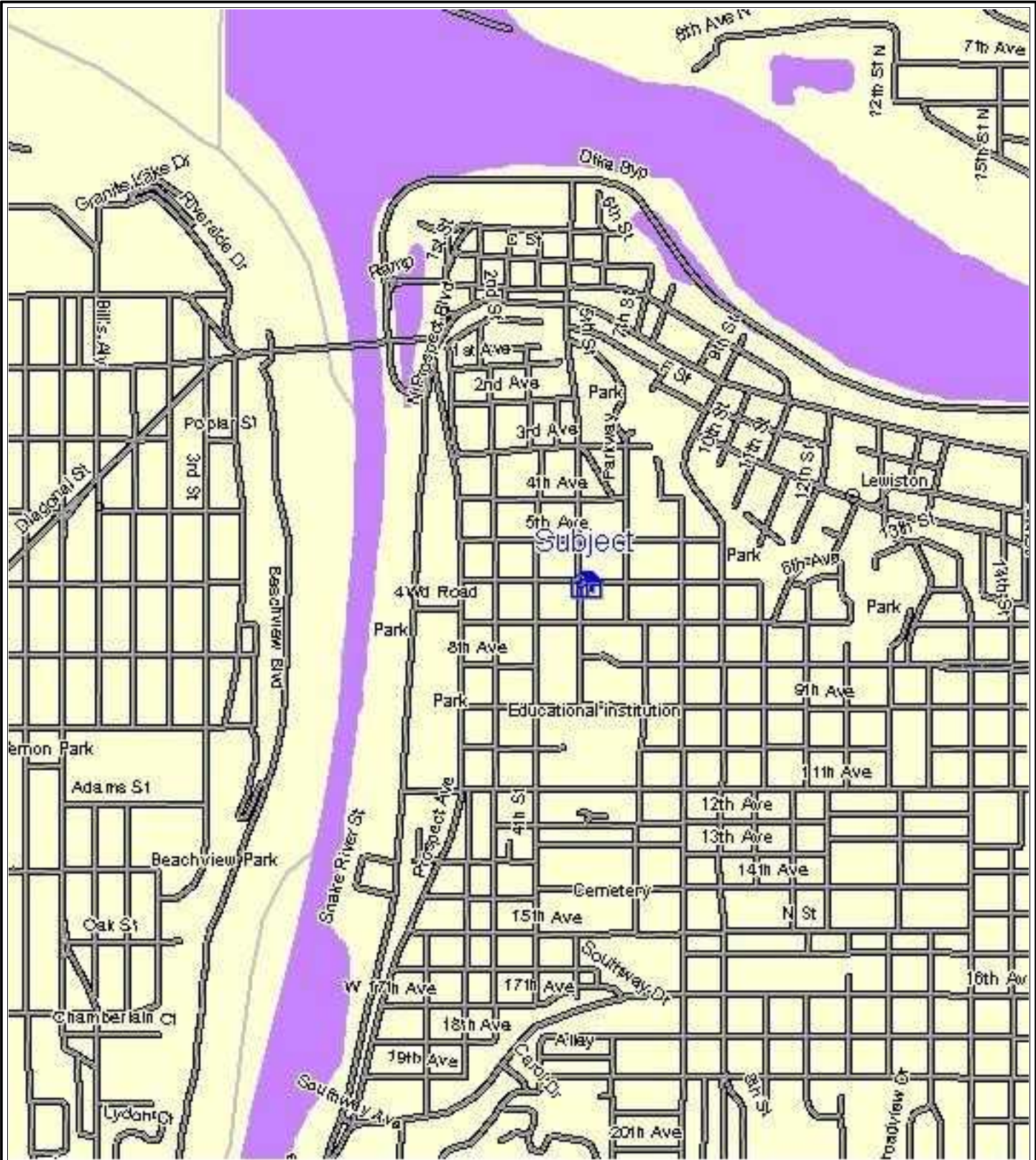


COMPARABLE SALE # 3
1608 17th Avenue
Lewiston

White Appraisal Services
FLOOD MAP ADDENDUM

File No. PR05L133
Case No. N/A

Borrower	Lewis Clark State College						
Property Address	504 6th Avenue						
City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy		Address	523 6th Avenue, Lewiston, ID 83501			



Flood Map Legends		Flood Zone Determination	
Flood Zones <ul style="list-style-type: none">Area inundated by 500-year floodingArea outside of the 100 and 500 year flood plainsArea inundated by 100-year floodingArea inundated by 100-year flooding with velocity hazardFloodway areasFloodway areas with velocity hazardArea of undetermined but possible flood hazardArea not mapped on any published FIRM		SFHA (Flood Zone): Out Within 250 ft. of multiple flood zone? No Community: 160104 Community Name: LEWISTON, CITY OF Zone: C Panel: 160104 0001B Panel Date: 01/20/1982 FIPS Code: 16069 Census Tract: 9903.00 This Flood Report is for the sole benefit of the Customer that ordered and paid for the Report and is based on the property information provided by the customer. That customer's use of this report is subject to the terms agreed by that customer when accessing this product. No third party is authorized to use or rely on this report for any purpose. NEITHER FIRST AMERICAN FLOOD DATA SERVICES NOR THE SELLER OF THIS REPORT MAKES ANY REPRESENTATIONS OR WARRANTIES TO ANY PARTY CONCERNING THE CONTENT ACCURACY OR COMPLETENESS OF THIS REPORT INCLUDING ANY WARRANTY OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Neither TFHC nor the seller of this Report shall have any liability to any third party for any use or misuse of this Report.	

White Appraisal Services
PLAT MAP

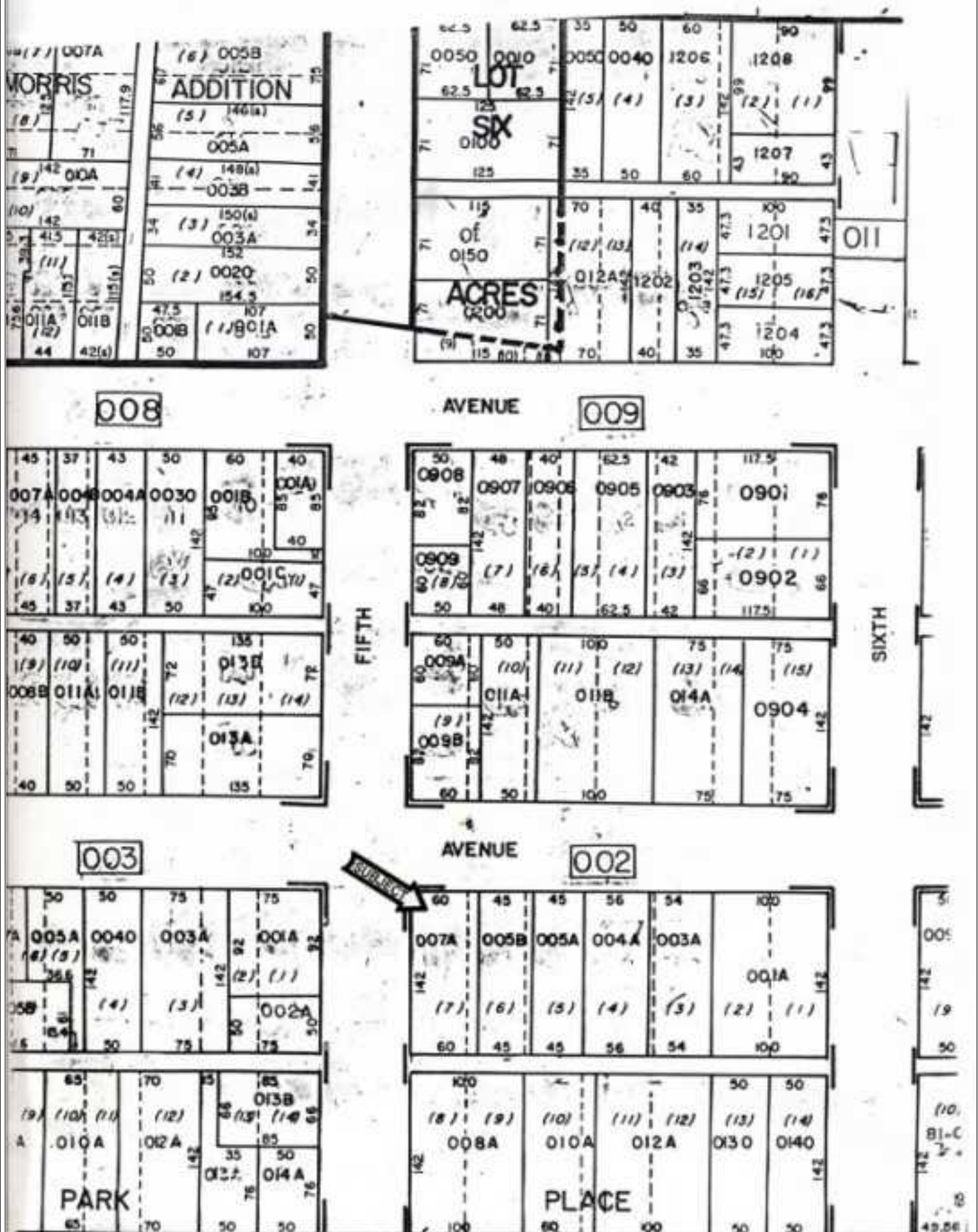
File No. PR05L133
Case No. N/A

Borrower Lewis Clark State College

Property Address 504 6th Avenue

City Lewiston County Nez Perce State ID Zip Code 83501-2423

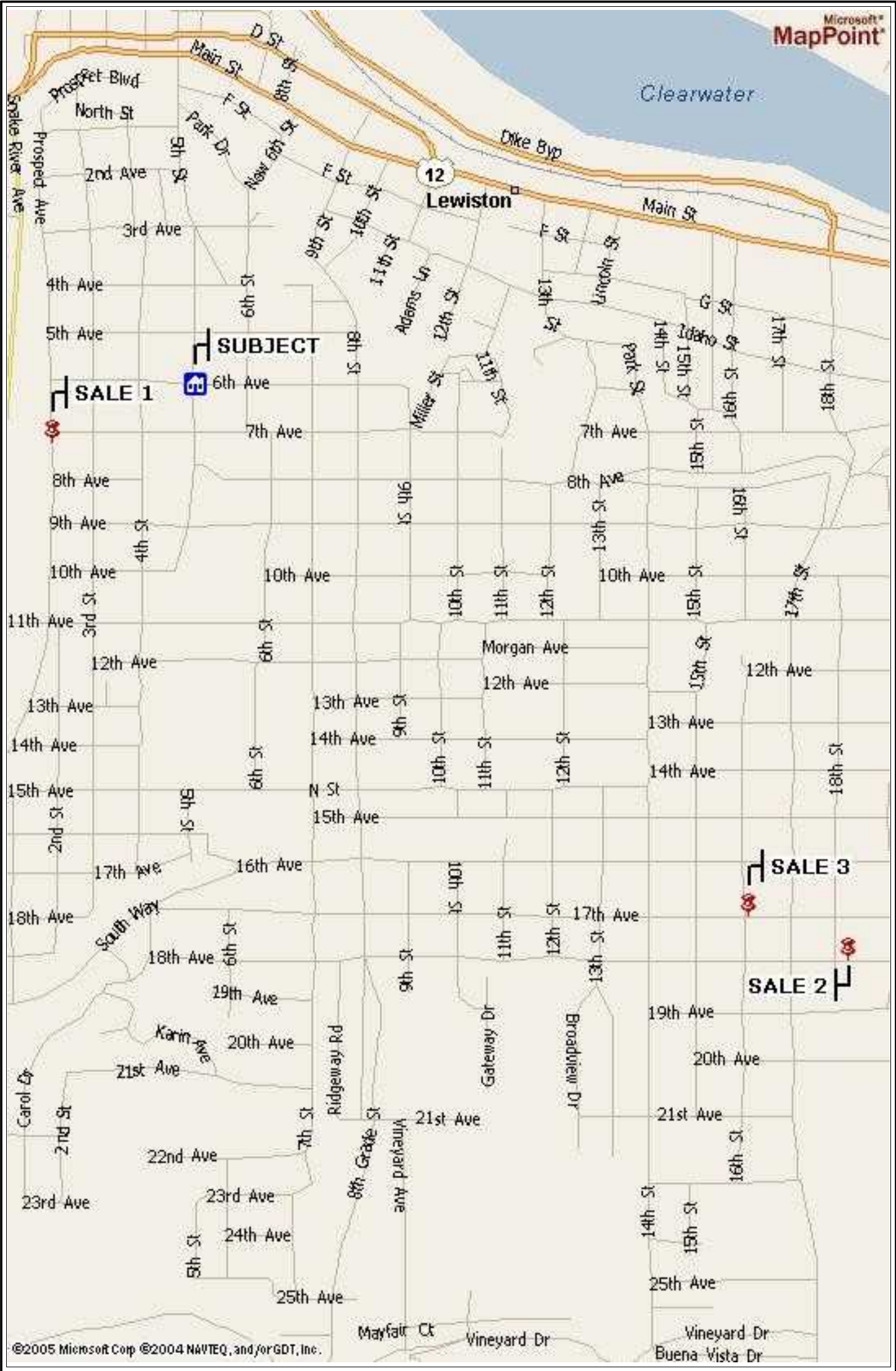
Lender/Client Huff, Charles and Nancy Address 523 6th Avenue, Lewiston, ID 83501



White Appraisal Services
LOCATION MAP ADDENDUM

File No. PR05L133
Case No. N/A

Borrower	Lewis Clark State College				
Property Address	504 6th Avenue				
City	Lewiston	County	Nez Perce	State	ID
					Zip Code 83501-2423
Lender/Client	Huff, Charles and Nancy		Address	523 6th Avenue, Lewiston, ID 83501	



White Appraisal Services
357 W. Reservoir Drive
Lewiston, ID 83501

03/15/2005

Huff, Charles and Nancy
523 6th Avenue
Lewiston, ID 83501

RE: Lewis Clark State College
508 6th Avenue
Lewiston, ID 83501
File No. PR05L134
Case No. N/A

Dear Charles and Nancy Huff,

In accordance with your request, I have personally inspected and prepared an appraisal report of the real property located at:

508 6th Avenue, Lewiston, ID 83501

The purpose of this appraisal is to estimate the market value of the property described in the body of this appraisal report.

Enclosed, please find the appraisal report which describes certain data gathered during our investigation of the property. The methods of approach and reasoning in the valuation of the various physical and economic factors of the subject property are contained in this report.

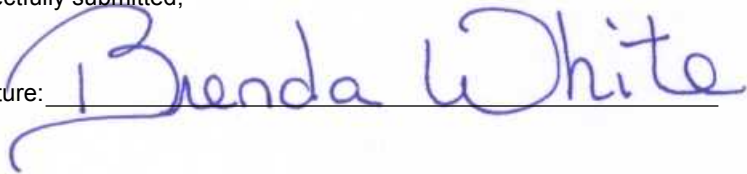
An inspection of the property and a study of pertinent factors, including valuation trends and an analysis of neighborhood data, led the appraiser to the conclusion that the market value, as of 03/08/2005 is:

\$ 95,000

The opinion of value expressed in this report is contingent upon the limiting conditions attached to this report.

It has been a pleasure to assist you. If I may be of further service to you in the future, please let me know.

Respectfully submitted,

Signature: 

Brenda White
White Appraisal Services

APPRAISAL REPORT

of

Single Family Residence:

at

508 6th Avenue

Lewiston, ID 83501

As Of:

03/08/2005

Prepared For:

Huff, Charles and Nancy
523 6th Avenue
Lewiston, ID 83501

Prepared By:

Brenda White
White Appraisal Services
357 W. Reservoir Drive
Lewiston, ID 83501

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Desktop Underwriter Quantitative Analysis Appraisal Report

THIS SUMMARY APPRAISAL REPORT IS INTENDED FOR USE BY THE LENDER/CLIENT FOR A MORTGAGE FINANCE TRANSACTION ONLY.

SUBJECT

Property Address	508 6th Avenue	City	Lewiston	State	ID	Zip Code	83501-2423
Legal Description	The West 5' of Lot 5 and the East 40' of Lot 6, Block 2 of North Park Place					County	Nez Perce
Assessor's Parcel No.	RP L1060002005B A	Tax Year	2004	R.E. Taxes \$	1,731.34	Special Assessments \$	N/A
Borrower	Lewis Clark State College	Current Owner	Huff, Charles and Nancy	Occupant	<input type="checkbox"/> Owner	<input type="checkbox"/> Tenant	<input checked="" type="checkbox"/> Vacant
Neighborhood or Project Name	N/A	Project Type	<input type="checkbox"/> PUD	<input type="checkbox"/> Condominium	HOA\$	N/A	/Mo.
Sales Price \$	95,000	Date of Sale	Pending	Description /\$ amount of loan charges/concessions to be paid by seller			Half of Closing costs
Property rights appraised	<input checked="" type="checkbox"/> Fee Simple	<input type="checkbox"/> Leasehold	Map Reference	MLS Area L1	Census Tract	9903.00	

NEIGHBORHOOD

Note: Race and the racial composition of the neighborhood are not appraisal factors.													
Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Property values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	Single family housing PRICE \$ (000)	AGE (yrs)	Condominium housing PRICE \$ (000)	(if applic.) AGE (yrs)		
Built up	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25-75%	<input type="checkbox"/> Under 25%	Demand/supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In balance	<input type="checkbox"/> Over supply	40	Low	New	45	Low	New
Growth rate	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Slow	Marketing time	<input type="checkbox"/> Under 3 mos.	<input checked="" type="checkbox"/> 3-6 mos.	<input type="checkbox"/> Over 6 mos.	650	High	105	350	High	35
Neighborhood boundaries The subject is located in the city limits of Lewiston. The boundaries of the subject's neighborhood area are: Main Street to the North, 29th Street to the East, 16th Avenue to the South, and Snake River Avenue to the West.								Predominant	Predominant				
								110	45	95	5		

SITE

Dimensions	45' x 142' +/-		Site area	0.15 +/--Acres		Shape	Rectangular/Typical		
Specific zoning classification and description	R-4 Higher Density Residential								
Zoning compliance	<input checked="" type="checkbox"/> Legal <input type="checkbox"/> Legal nonconforming (Grandfathered use) <input type="checkbox"/> Illegal, attach description <input type="checkbox"/> No zoning								
Highest and best use of subject property as improved (or as proposed per plans and specifications):	<input checked="" type="checkbox"/> Present use <input type="checkbox"/> Other use, attach description.								
Utilities	Public	Other	Public	Other	Off-site Improvements	Type	Public	Private	
Electricity	<input checked="" type="checkbox"/>		Water	<input checked="" type="checkbox"/>	Per Assessor	Street	Asphalt/Typical	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gas	<input checked="" type="checkbox"/>		Sanitary sewer	<input checked="" type="checkbox"/>	Per Assessor	Alley	Yes/Typical	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Are there any apparent adverse site conditions (easements, encroachments, special assessments, slide areas, etc.)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, attach description.									

IMPROVEMENTS

Source(s) used for physical characteristics of property: <input checked="" type="checkbox"/> Interior and exterior inspection <input type="checkbox"/> Exterior inspection from street <input type="checkbox"/> Previous appraisal files									
<input type="checkbox"/> MLS <input checked="" type="checkbox"/> Assessment and tax records <input type="checkbox"/> Prior inspection <input checked="" type="checkbox"/> Property owner <input type="checkbox"/> Other(Describe):									
No. of Stories	One	Type (Det./Att.)	Detached	Exterior Walls	Stucco	Roof Surface	Comp Shng	Manufactured housing	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the property generally conform to the neighborhood in terms of style, condition, and construction materials? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, attach description.									
Are there any apparent physical deficiencies or conditions that would affect the soundness or structural integrity of the improvements or the livability of the property? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, attach description.									
Are there any apparent adverse environmental conditions (hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, attach description.									

QUANTITATIVE SALES COMPARISON ANALYSIS

I researched the subject market area for comparable listings and sales that are the most similar and proximate to the subject property.													
My research revealed a total of 4 sales ranging in sales price from \$ 80,000 to \$ 115,000													
My research revealed a total of 3 listings ranging in list price from \$ 80,000 to \$ 115,000													
The analysis of the comparable sales below reflects market reaction to significant variations between the sales and the subject property.													
FEATURE		SUBJECT		SALE # 1			SALE # 2			SALE # 3			
Address		508 6th Avenue Lewiston		1007 15th Avenue Lewiston			1508 7th Avenue Lewiston			703 9th Avenue Lewiston			
Proximity to Subject				0.76 miles			0.75 miles			0.27 miles			
Sales Price		\$ 95,000		\$ 81,500			\$ 93,500			\$ 102,000			
Price/Gross Liv. Area		\$ 106.03 <input checked="" type="checkbox"/>		\$ 90.56 <input checked="" type="checkbox"/>			\$ 132.81 <input checked="" type="checkbox"/>			\$ 130.77 <input checked="" type="checkbox"/>			
Data & Verification Sources				MLS# 101307/Ass/Ext Insp			MLS# 101375/Ass/Ext Insp			MLS# 100498/Ass/Ext Insp			
VALUE ADJUSTMENTS		DESCRIPTION		DESCRIPTION + (-) \$ Adjustment			DESCRIPTION + (-) \$ Adjustment			DESCRIPTION + (-) \$ Adjustment			
Sales or financing				Conventional			FHA			Conventional			
Concessions				None Known			None Known			None Known			
Date of Sale/Time				12/20/2004			11/29/2004			07/02/2004			
Location		Average		Average			Average			Average			
Site		0.15 +/--Acres		0.08 +/--Acres			0.08 +/--Acres			0.07 +/--Acres			
View		Neighborhood		Neighborhood			Neighborhood			Neighborhood			
Design (Style)		Ranch/Average		Ranch/Average			Ranch/Average			Ranch/Average			
Actual Age (Yrs.)		95a/25e		84a/25e			72a/25e			67a/20e -5,000			
Condition		Average		Average			Average			Average			
Above Grade		Total	Bdrms	Baths	Total	Bdrms	Baths	Total	Bdrms	Baths	Total	Bdrms	Baths
Room Count		5	3	1.00	4	2	1.00	4	2	1.00	4	2	1.00
Gross Living Area		896	Sq. Ft.		900	Sq. Ft.	0	704	Sq. Ft.	+3,100	780	Sq. Ft.	+1,900
Basement & Finished		867	Unfinished		816	Unfinished		576	Unfinished	+1,400	780	Part Fnspd	-1,200
Rooms Below Grade		0-0-0			0-0-0			0-0-0			2-1-0		
Garage/Carport		2 Car Garage		None			+3,000	1 Car Garage		+1,500	1 Car Garage		+1,500
Amenities		Entr/Fp/Fnc/SpS		Entry/Patio			+2,000	CvE/Pat/SecSys		+500	Patio/Fence		+1,500
Heat/Cooling		Gas FA/None		Gas FA/Wall				Gas FA/CAC		-2,000	Gas FA/CAC		-2,000
Net Adj. (total)				<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 5,000				<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 4,500			<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -3,300		
Adjusted Sales Price of Comparables				Net=6%				Net=5%			Net=-3%		
				Gross=6%			\$ 86,500	Gross=9%		\$ 98,000	Gross=13%		\$ 98,700
Date of Prior Sale		No prior sales		No sales have occurred				No sales have occurred			No sales have occurred		
Price of Prior Sale		\$ in 36 months.		\$ in past 12 months.				\$ in the last 12 months.			\$ in the last 12 months.		
Analysis of any current agreement of sale, option or listing of the subject property and analysis of the prior sales of subject and comparables: See Comment													
Addendum.													
Summary of sales comparison and value conclusion: The subject is typical for the neighborhood and would market well. The comparables displayed were carefully selected and are considered to be the best indicators of the subject's market value.													
Sources of data included; Lewiston Multiple Listing Service, The Nez Perce County Assessors Office, appraisal files, realtor interviews, and appraisers daily exposure to the market. All comparables were given appropriate consideration in determining the subject's estimated market value. The date of sale on the sales comparison grid unless otherwise noted, is reportedly the close of escrow date.													
This appraisal is made <input checked="" type="checkbox"/> "as-is", <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, or <input type="checkbox"/> subject to the following repairs, alterations or conditions:													
BASED ON AN <input type="checkbox"/> EXTERIOR INSPECTION FROM THE STREET OR AN <input checked="" type="checkbox"/> INTERIOR AND EXTERIOR INSPECTION, I ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT TO BE \$ 95,000 , AS OF 03/08/2005													

Fannie Mae Form 2055 9-96

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Page 1 of 13

Desktop Underwriter Quantitative Analysis Appraisal Report

PUD

Project Information for PUDs (If applicable) -- Is the developer/builder in control of the Home Owners' Association (HOA)? ☐ Yes ☐ No

Provide the following information for PUDs only if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit:

Total number of phases _____

Total number of units _____

Total number of units sold _____

Total number of units rented _____

Total number of units for sale _____

Data Source(s) _____

Was the project created by the conversion of existing buildings into a PUD? ☐ Yes ☐ No If yes, date of conversion: _____

Does the project contain any multi-dwelling units? ☐ Yes ☐ No Data Source: _____

Are the common elements completed? ☐ Yes ☐ No If No, describe status of completion: _____

Are any common elements leased to or by the Home Owners' Association? ☐ Yes ☐ No

If yes, attach addendum describing rental terms and options.

Describe common elements and recreational facilities: _____

CONDOMINIUM

Project Information for Condominiums (If applicable) -- Is the developer/builder in control of the Home Owners' Association (HOA)? ☐ Yes ☐ No

Provide the following information for all Condominium Projects:

Total number of phases _____

Total number of units _____

Total number of units sold _____

Total number of units rented _____

Total number of units for sale _____

Data Source(s) _____

Was the project created by the conversion of existing buildings into a condominium? ☐ Yes ☐ No If yes, date of conversion: _____

Project Type: ☐ Primary Residence ☐ Second Home or Recreational ☐ Row or Townhouse ☐ Garden ☐ Midrise ☐ Highrise ☐ _____

Condition of the project, quality of construction, unit mix, etc.: _____

Are the common elements completed? ☐ Yes ☐ No

If No, describe status of completion: _____

Are any common elements leased to or by the Home Owners' Association? ☐ Yes ☐ No

If yes, attach addendum describing rental terms and options.

Describe common elements and recreational facilities: _____

PURPOSE OF APPRAISAL: The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report based on a quantitative sales comparison analysis for use in a mortgage finance transaction.

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 judgment.

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 any required sketch in the appraisal report to show approximate dimensions of the improvments and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's detemination of its size.

3. 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.

4. The appraiser has noted in the appraisal report any adverse conditions (such as, but not limited to, needed repairs, 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, expressed 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.

5. 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.

6. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.

7. 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 report 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.

8. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed.

9. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.

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

1. I performed this appraisal by (1) personally inspecting from the street the subject property and neighborhood and each of the comparable sales (unless I have otherwise indicated in this report that I also inspected the interior of the subject property); (2) collecting, confirming, and analyzing data from reliable public and/or private sources; and (3) reporting the results of my inspection and analysis in this summary appraisal report. I further certify that I have adequate information about the physical characteristics of the subject property and the comparable sales to develop this appraisal.
2. I have researched and analyzed the comparable sales and offerings/listings in the subject market area and have reported the comparable sales in this report that are the best available for the subject property. I further certify that adequate comparable market data exists in the general market area to develop a reliable sales comparison analysis for the subject property.
3. 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 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, have considered these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them, and have commented about the effect of the adverse conditions on the marketability of the subject property. 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.
4. 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.
5. I have no present or prospective interest in the property that is the subject of 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, age, marital status, 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 or on any other basis prohibited by law.
6. 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.
7. 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.
8. I estimated the market value of the real property that is the subject of this report based on the sales comparison approach to value. I further certify that I considered the cost and income approaches to value, but, through mutual agreement with the client did not develop them, unless I have noted otherwise in the report.
9. I performed this appraisal as a limited appraisal, subject to the Departure Provision of 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 the place as of the effective date of the appraisal (unless I have otherwise indicated in this report that the appraisal is a complete appraisal, in which case, the Departure Provision does not apply).
10. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value. The exposure time associated with the estimate of market value for the subject property is consistent with the marketing time noted in the Neighborhood section of this report. The marketing period concluded for the subject property at the estimated market value is also consistent with the marketing time noted in the Neighborhood section.
11. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. I futher certify that no one provided significant professional assistance to me in the development of this appraisal.

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 examined the appraisal report for compliance with the Uniform Standards of Professional Appraisal Practice, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 5 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

APPRAISER:

Signature:

Name:

Company Name:

Company Address:

Date Report Signed:

State Certification #:

or State License #:

State:

Expiration Date of Certification or License:

Brenda White

White Appraisal Services

357 W. Reservoir Drive

Lewiston, ID 83501

03/15/2005

CRA-384

ID

04/16/2005

SUPERVISORY APPRAISER (ONLY IF REQUIRED):

Signature:

Name:

Company Name:

Company Address:

Date Report Signed:

State Certification #:

or State License #:

State:

Expiration Date of Certification or License:

ADDRESS OF PROPERTY APPRAISED:

508 6th Avenue

Lewiston, ID 83501

APPRAISED VALUE OF SUBJECT PROPERTY \$

95,000

EFFECTIVE DATE OF APPRAISAL/INSPECTION

03/08/2005

LENDER/CLIENT:

Name:

Company Name:

Company Address:

Huff, Charles and Nancy

523 6th Avenue

Lewiston, ID 83501

SUPERVISORY APPRAISER:

SUBJECT PROPERTY

☐ Did not inspect subject property

☐ Did inspect exterior of subject property from street

☐ Did inspect interior and exterior of subject property

COMPARABLE SALES

☐ Did not inspect exterior of comparable sales from street

☐ Did inspect exterior of comparable sales from street

Borrower Lewis Clark State College					
Property Address 508 6th Avenue					
City Lewiston	County	Nez Perce	State	ID	Zip Code 83501-2423
Lender/Client Huff, Charles and Nancy		Address 523 6th Avenue, Lewiston, ID 83501			

IMPROVEMENTS:

The subject includes, but is not limited to the following amenities: kitchen has a lighted ceiling fan, a walk-in closet, fireplace, entries, and an old style 2 car detached garage.

Per the owner the hardwood floors were refinished and the interior was painted last year.

CONDITION OF THE APPRAISAL:

This report is intended to be a summary appraisal report of a complete appraisal as defined in Standard 2-2(b) of the Uniform Standards of Professional Practices. The information in the appraisal is a summary of the information in the appraiser's work file. The departure provision was not invoked. This appraisal is "As-Is".

Homes that exceed or are lower than predominant neighborhood values are not uncommon in the central Idaho's market. Housing styles, condition, age, site size and values of homes within central Idaho's neighborhoods tend to vary more than is typical in many other markets. Newer and larger homes have been constructed in neighborhood where older more modest homes have been predominant for many years. This is even more common in downtown Lewiston. This situation has become even more prevalent since the late 1980's when central Idaho's economy started to improve and the local housing industry began its recovery. The variety of homes does not effect marketability or appeal.

SALES ANALYSIS:

The subject is a pending sale. The subject has not sold in the last 36 months and comparables used have not sold in the last 12 months, per the MLS.

The purpose of the appraisal for the subject property is to aid in a market value decision for the lender-client. The definition of market value used in this appraisal report is: "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 and knowledgeably, and assuming the price is not affected by undue stimulus." This appraisal report is prepared for the sole and exclusive use of the lender, Charles and Nancy Huff, to assist with the mortgage lending decision. No third parties are authorized to rely upon this report without the express written consent of the appraiser. The appraiser is not a home inspection. This report should not be relied upon to disclose any conditions present in the subject property. The appraisal report does not guarantee that the property is free of defects. A professional home inspection is recommended. Idaho is a non-disclosure state, therefore the actual sales amounts for any past sales have been provided from the Lewiston Multiple Listing service records. No warranties are made to the accuracy of these dollar amounts. .

SALES COMPARISON-RECONCILIATION:

Sources of data included the Lewiston Multiple Listing Service, the Nez Perce County Assessors office and the appraisers files. The appraisal is to estimate the subject's market value. All comparables were given appropriate consideration in determining the subject's estimated market value. The adjustments made in the appraisal report appear to be market derived. The appraiser's judgment played a part in determining the proper adjustments. It is assumed that no market differences have occurred between the effective date of the appraisal and the date the appraisal was signed. The effective age of the subject and comparables are determined from a 60 year economic age.

QUALIFICATIONS:

Marie Mottern is a trainee under a certified residential appraiser in the states of Idaho and Washington, significantly contributed to all aspects of the appraisal report.

Lender/Client	Huff, Charles and Nancy	Address 523 6th Avenue, Lewiston, ID 83501
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[illegible]

APPRAISER'S CERTIFICATION:

The following Certification statements are in addition to and may supercede the signed Appraiser's Certification attached to this appraisal report. This Appraiser's Certification is compliant with the current edition of the Uniform Standards of Professional Appraisal Practice.

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties invoved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignement is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

I ☒ have ☐ have not made a personal inspection of the property that is the subject of this report. (If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)

No one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance must be stated.)

PURPOSE, INTENDED USE, AND INTENDED USER OF THE APPRAISAL:

The purpose of the appraisal is to estimate the market value of the subject property, as defined in this report, as of the effective date of this report. The intended use of the appraisal is to assist the client and any other intended users in the underwriting, approval, and funding of the mortgage loan. The intended users of this report are the stated client and any other institutions involved in the underwriting , approval, and funding of the mortgage loan. No one else, including the purchaser and seller, should rely on the estimate of value or any other conclusions contained in this appraisal report.

ANALYSIS AND REPORT FORM:

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, listings, and/or rentals within the subject market area.

The original source of the comparable data described in the Data Source section of the market grid along with the source of confirmation provided, where available, the original source is presented first. The sources and data are considered reliable. When conflicting information was provided, source deemed most reliable has been used. Data believed to be unreliable was not included in the report or used as a basis for the value conclusion. The extent of the analysis to this assignment is stated in the Appraiser's Certification included above and attached to this report.

DEFINITION OF INSPECTION:

The term "Inspection", as used in this report, is not the same level of inspection that is required for a "Professional Home Inspection". The appraiser does not fully inspect the electrical system, plumbing systems, mechanical systems, foundation system, floor structure, or subfloor. The appraiser is not an expert in construction materials and the purpose of the appraisal is to make an economic evaluation of the subject property. If the client needs a more detailed inspection of the property, a home inspection, by a Professional Home Inspector, is suggested.

DIGITAL SIGNATURES:

The signature(s) affixed to this report, and certification, were applied by the original appraiser(s) or supervisory appraiser and represent their acknowledgements of the facts, opinions and conclusions found in the report. Each appraiser(s) applied his or her signature electronically using a password encrypted method. Hence these signatures have more safeguards and carry the same validity as the individual's hand applied signature. If the report has a hand-applied signature, this comment does not apply.

OPINION OF MARKET VALUE VS ESTIMATE OF MARKET VALUE:

The current Uniform Standards of Professional Appraisal Practice defines the market value conclusion as an opinion of market value and not an estimate of market value.

THREE YEAR SALES HISTORY FOR THE SUBJECT PROPERTY:

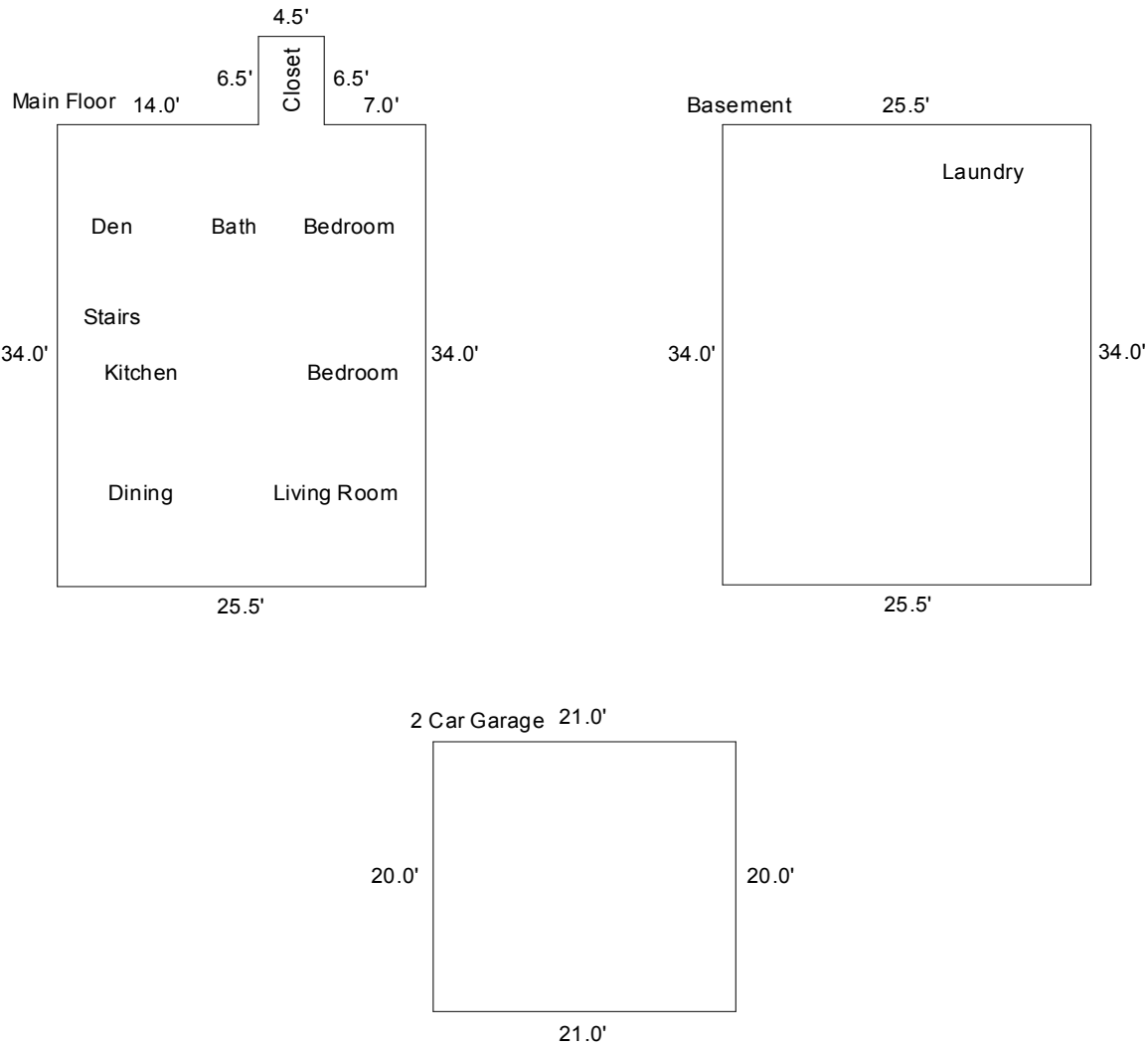
The appraiser has complied with Standards Rule 1-5b and 2-2b (ix) requiring the appraiser to analyze and report all sales of the subject property that occurred within the three (3) years prior to the effective date of the appraisal. If this information was available to the appraiser(s), it is reported in the subject column of Sales Comparison Analysis section of the appraisal report.

EXPOSURE PERIOD:

By studying the sales of similar comparable residential properties with value ranges as identified in the Neighborhood section of this report and discussions with individuals knowledgeable of current neighborhood trends in the subject area, the appraiser feels that the exposure time for the subject property is equal to the indicated Marketing Time identified in the Neighborhood section of this appraisal report.

Signature Name Brenda White	Signature Name	<input type="checkbox"/> Did Inspect Property	<input type="checkbox"/> Did Not
Date Report Signed 03/15/2005	Date Report Signed		
State Certification # CRA-384	State Certification #		
Or State License #	Or State License #		
State	State	State	State

Borrower	Lewis Clark State College						
Property Address	508 6th Avenue						
City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy			Address	523 6th Avenue, Lewiston, ID 83501		



SKETCH CALCULATIONS		Perimeter	Area
Living Area			
First Floor			
A1 : 4.5 x 6.5 =			29.3
A2 : 25.5 x 34.0 =			867.0
			896.3
Basement			
A3 : 25.5 x 34.0 =			867.0
			867.0
Total Living Area			1763.3
Garage Area			
Detached Garage			
A4 : 21.0 x 20.0 =			420.0
			420.0
Total Garage Area			420.0

White Appraisal Services
SUBJECT PHOTO ADDENDUM

File No. PR05L134
Case No. N/A

Borrower	Lewis Clark State College						
Property Address	508 6th Avenue						
City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy			Address	523 6th Avenue, Lewiston, ID 83501		



**FRONT OF
SUBJECT PROPERTY**
508 6th Avenue
Lewiston, ID 83501



**REAR OF
SUBJECT PROPERTY**

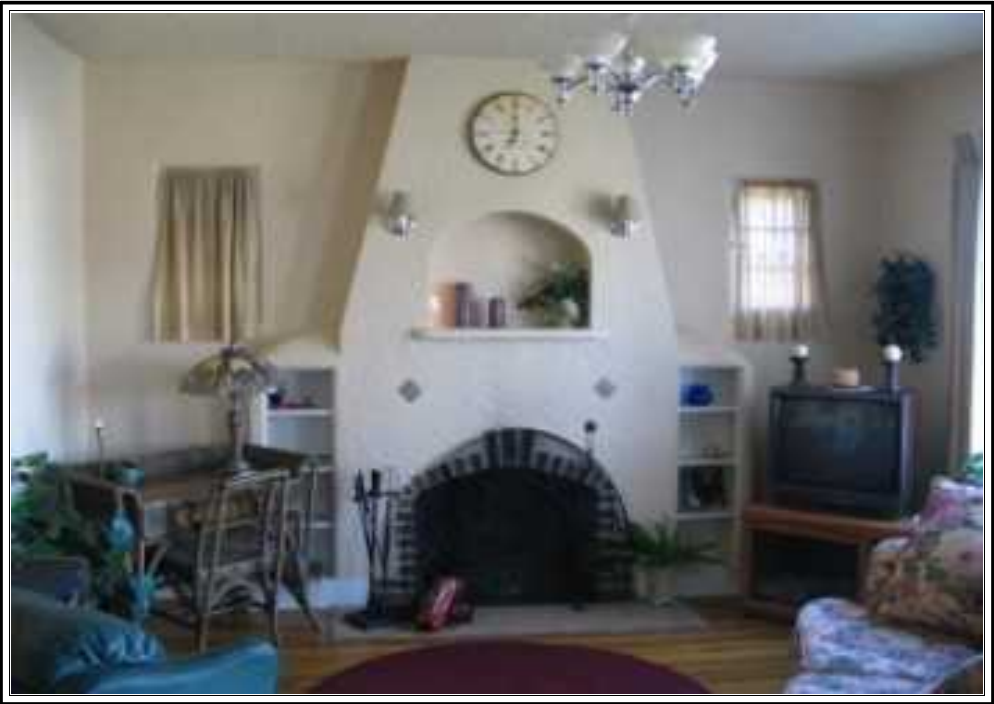


STREET SCENE

White Appraisal Services
SUBJECT PHOTO ADDENDUM

File No. PR05L134
Case No. N/A

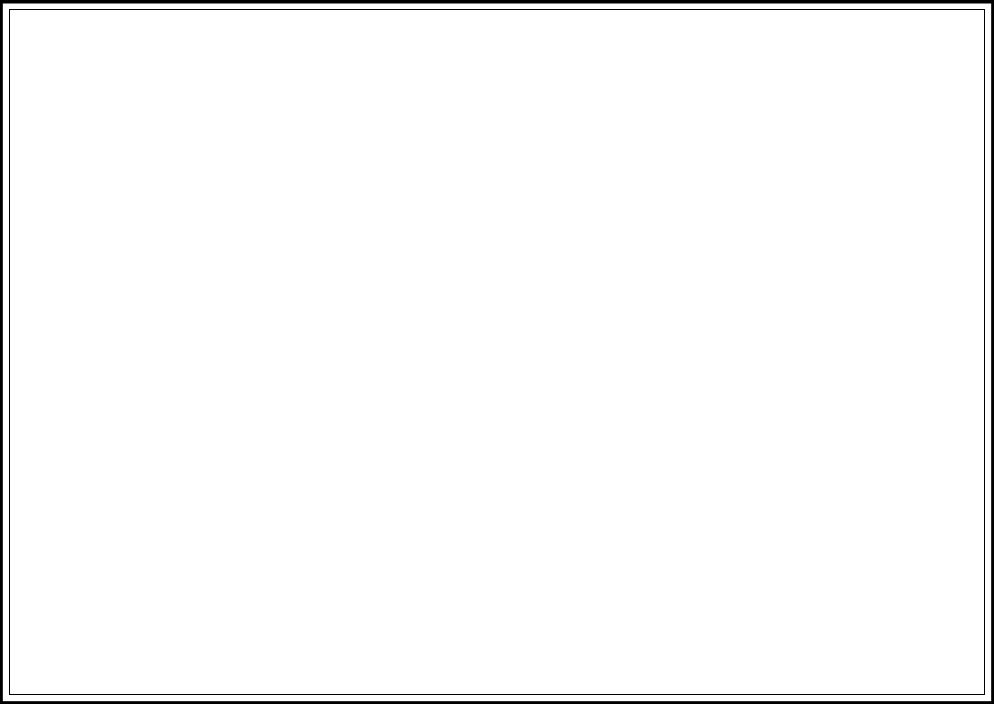
Borrower	Lewis Clark State College						
Property Address	508 6th Avenue						
City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy		Address	523 6th Avenue, Lewiston, ID 83501			



Fireplace



Detached Garage



Borrower	Lewis Clark State College						
Property Address	508 6th Avenue						
City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy			Address	523 6th Avenue, Lewiston, ID 83501		



COMPARABLE SALE # 1
1007 15th Avenue
Lewiston



COMPARABLE SALE # 2
1508 7th Avenue
Lewiston

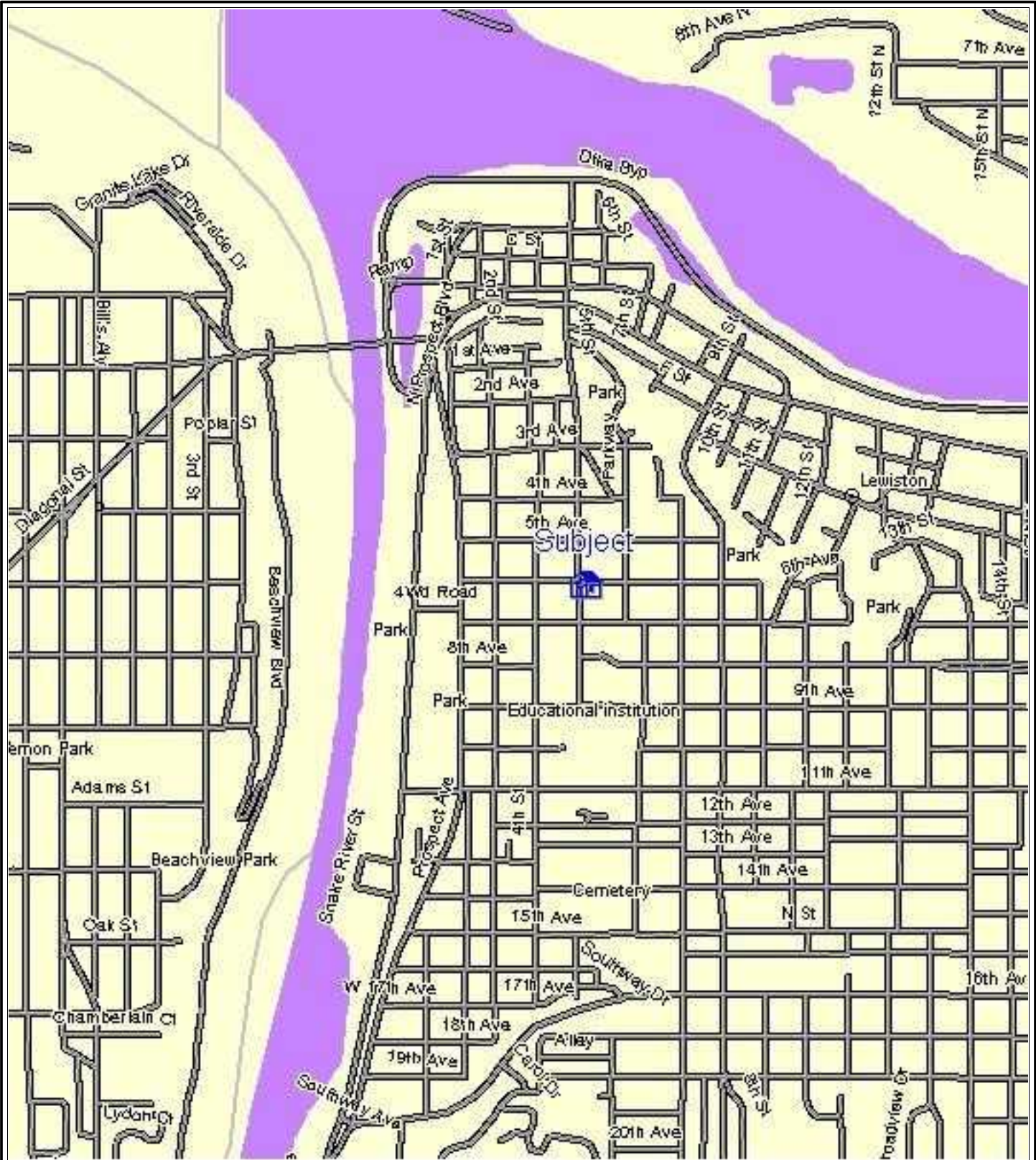


COMPARABLE SALE # 3
703 9th Avenue
Lewiston

White Appraisal Services
FLOOD MAP ADDENDUM

File No. PR05L134
Case No. N/A

Borrower	Lewis Clark State College						
Property Address	508 6th Avenue						
City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy		Address	523 6th Avenue, Lewiston, ID 83501			



Flood Map Legends		Flood Zone Determination	
Flood Zones <ul style="list-style-type: none">Area inundated by 500-year floodingArea outside of the 100 and 500 year flood plainsArea inundated by 100-year floodingArea inundated by 100-year flooding with velocity hazardFloodway areasFloodway areas with velocity hazardArea of undetermined but possible flood hazardArea not mapped on any published FIRM		SFHA (Flood Zone): Out Within 250 ft. of multiple flood zone? No Community: 160104 Community Name: LEWISTON, CITY OF Zone: C Panel: 160104 0001B Panel Date: 01/20/1982 FIPS Code: 16069 Census Tract: 9903.00 This Flood Report is for the sole benefit of the Customer that ordered and paid for the Report and is based on the property information provided by the customer. That customer's use of this report is subject to the terms agreed by that customer when accessing this product. No third party is authorized to use or rely on this report for any purpose. NEITHER FIRST AMERICAN FLOOD DATA SERVICES NOR THE SELLER OF THIS REPORT MAKES ANY REPRESENTATIONS OR WARRANTIES TO ANY PARTY CONCERNING THE CONTENT ACCURACY OR COMPLETENESS OF THIS REPORT INCLUDING ANY WARRANTY OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Neither TFHC nor the seller of this Report shall have any liability to any third party for any use or misuse of this Report.	

White Appraisal Services
PLAT MAP

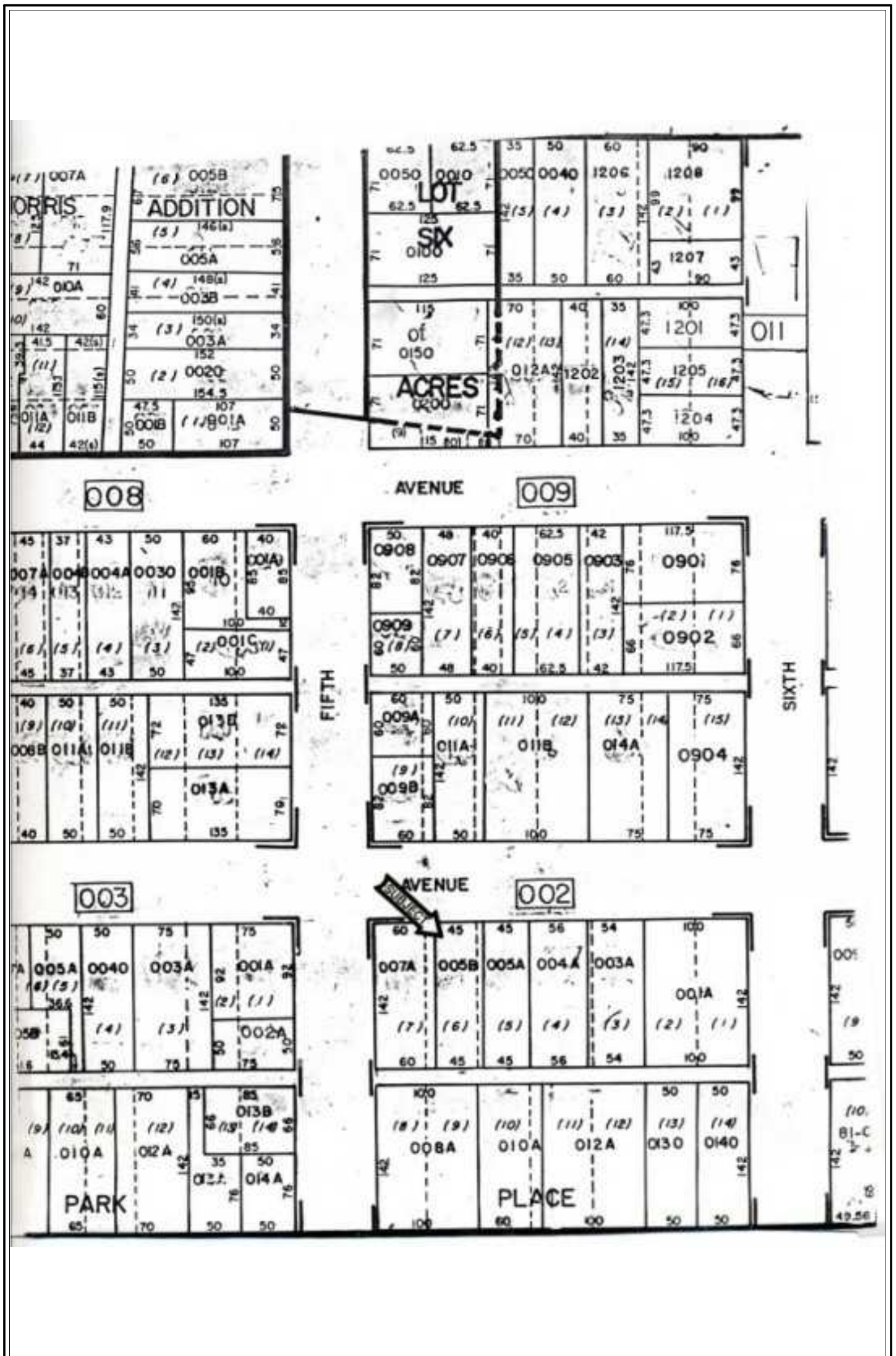
File No. PR05L134
Case No. N/A

Borrower Lewis Clark State College

Property Address 508 6th Avenue

City Lewiston County Nez Perce State ID Zip Code 83501-2423

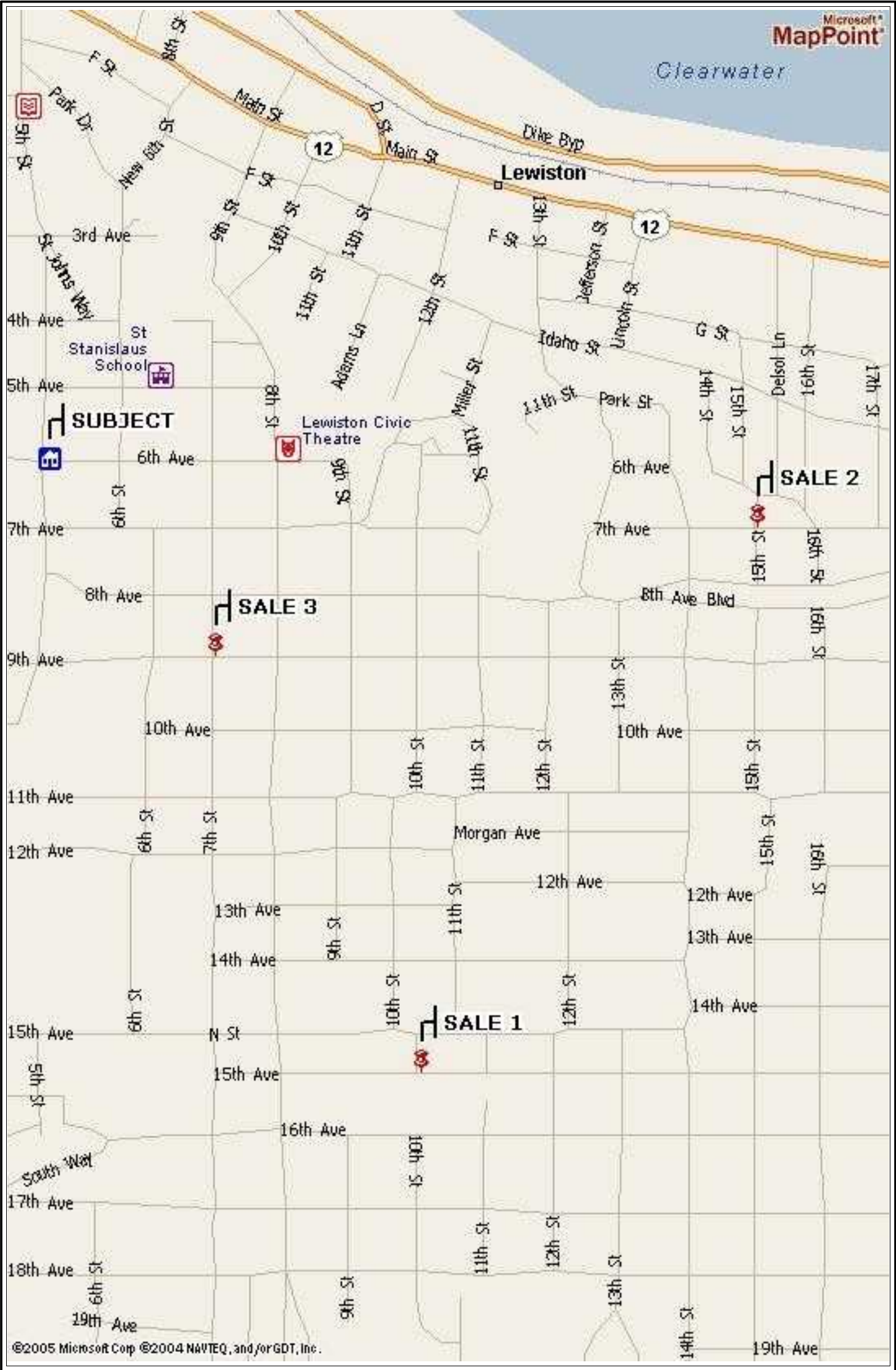
Lender/Client Huff, Charles and Nancy Address 523 6th Avenue, Lewiston, ID 83501



White Appraisal Services
LOCATION MAP ADDENDUM

File No. PR05L134
Case No. N/A

Borrower	Lewis Clark State College				
Property Address	508 6th Avenue				
City	Lewiston	County	Nez Perce	State	ID
				Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy		Address	523 6th Avenue, Lewiston, ID 83501	



White Appraisal Services
357 W. Reservoir Drive
Lewiston, ID 83501

03/15/2005

Huff, Charles and Nancy
523 6th Avenue
Lewiston, ID 83501

RE: Lewis Clark State College
512 6th Avenue
Lewiston, ID 83501
File No. PR05L135
Case No. N/A

Dear Charles and Nancy,

In accordance with your request, I have personally inspected and prepared an appraisal report of the real property located at:

512 6th Avenue, Lewiston, ID 83501

The purpose of this appraisal is to estimate the market value of the property described in the body of this appraisal report.

Enclosed, please find the appraisal report which describes certain data gathered during our investigation of the property. The methods of approach and reasoning in the valuation of the various physical and economic factors of the subject property are contained in this report.

An inspection of the property and a study of pertinent factors, including valuation trends and an analysis of neighborhood data, led the appraiser to the conclusion that the market value, as of 03/08/2005 is:

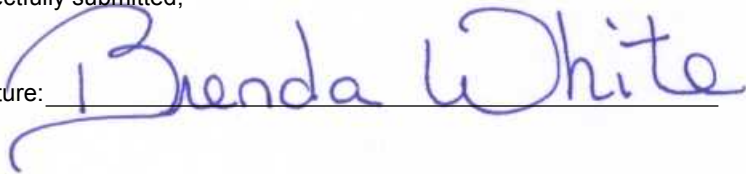
\$ 98,000

The opinion of value expressed in this report is contingent upon the limiting conditions attached to this report.

It has been a pleasure to assist you. If I may be of further service to you in the future, please let me know.

Respectfully submitted,

Signature: _____



Brenda White
White Appraisal Services

APPRAISAL REPORT

of

Single Family Residence:

at

512 6th Avenue

Lewiston, ID 83501

As Of:

03/08/2005

Prepared For:

Huff, Charles and Nancy
523 6th Avenue
Lewiston, ID 83501

Prepared By:

Brenda White
White Appraisal Services
357 W. Reservoir Drive
Lewiston, ID 83501

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Desktop Underwriter Quantitative Analysis Appraisal Report

THIS SUMMARY APPRAISAL REPORT IS INTENDED FOR USE BY THE LENDER/CLIENT FOR A MORTGAGE FINANCE TRANSACTION ONLY.

SUBJECT

Property Address

512 6th Avenue

City

Lewiston

State

ID

Zip Code

83501-2423

Legal Description

The East 45' of Lot 5, Block 2 of North Park Place

County

Nez Perce

Assessor's Parcel No.

RP L1060002005A A

Tax Year

2004

R.E. Taxes \$

1,504.18

Special Assessments \$

N/A

Borrower

Lewis Clark State College

Current Owner

Huff, Charles and Nancy

Occupant

☐

Owner

☐

Tenant

☐

Vacant

☒

Neighborhood or Project Name

N/A

Project Type

☐ PUD

☐ Condominium

HOA\$

N/A

/Mo.

Sales Price \$

95,000

Date of Sale

Pending

Description /\$ amount of loan charges/concessions to be paid by seller

Half of Closing costs

Property rights appraised

☒

Fee Simple

☐ Leasehold

Map Reference

MLS Area L1

Census Tract

9903.00

NEIGHBORHOOD

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Location

☐ Urban

☒ Suburban

☐ Rural

Property values

☐ Increasing

☒ Stable

☐ Declining

Single family housing PRICE \$ (000)

AGE (yrs)

Condominium housing PRICE \$ (000)

(if applic.)

AGE (yrs)

Built up

☒ Over 75%

☐ 25-75%

☐ Under 25%

Demand/supply

☐ Shortage

☒ In balance

☐ Over supply

40

Low

New

45

Low

New

Growth rate

☐ Rapid

☒ Stable

☐ Slow

Marketing time

☐ Under 3 mos.

☒ 3-6 mos.

☐ Over 6 mos.

650

High

105

350

High

35

Neighborhood boundaries

The subject is located in the city limits of Lewiston. The boundaries of the subject's neighborhood area are: Main Street to the North, 29th Street to the East, 16th Avenue to the South, and Snake River Avenue to the West.

Predominant

Predominant

110

45

95

5

SITE

Dimensions

45' x 142' +/-

Site area

0.15 +/-Acres

Shape

Rectangular/Typical

Specific zoning classification and description

R-4 Higher Density Residential

Zoning compliance

☒ Legal

☐ Legal nonconforming (Grandfathered use)

☐ Illegal, attach description

☐ No zoning

Highest and best use of subject property as improved (or as proposed per plans and specifications):

☒ Present use

☐ Other use, attach description.

Utilities

Public

Other

Public

Other

Off-site Improvements

Type

Public

Private

Electricity

☒

Water

☒ Per Assessor

Street

Asphalt/Typical

☒

Gas

☒

Sanitary sewer

☒ Per Assessor

Alley

Yes/Typical

☒

Are there any apparent adverse site conditions (easements, encroachments, special assessments, slide areas, etc.)?

☐ Yes

☒ No

If Yes, attach description.

IMPROVEMENTS

Source(s) used for physical characteristics of property:

☒ Interior and exterior inspection

☐ Exterior inspection from street

☐ Previous appraisal files

☐ MLS

☒ Assessment and tax records

☐ Prior inspection

☒ Property owner

☐ Other(Describe):

No. of Stories

One

Type (Det./Att.)

Detached

Exterior Walls

Asbs

Roof Surface

Comp Shng

Manufactured housing

☐ Yes

☒ No

Does the property generally conform to the neighborhood in terms of style, condition, and construction materials?

☒ Yes

☐ No

If No, attach description.

Are there any apparent physical deficiencies or conditions that would affect the soundness or structural integrity of the improvements or the livability of the property?

☐ Yes

☒ No

If Yes, attach description.

Are there any apparent adverse environmental conditions (hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property?

☐ Yes

☒ No

If Yes, attach description.

QUANTITATIVE SALES COMPARISON ANALYSIS

I researched the subject market area for comparable listings and sales that are the most similar and proximate to the subject property.

My research revealed a total of 4 sales ranging in sales price from \$ 80,000 to \$ 115,000.

My research revealed a total of 3 listings ranging in list price from \$ 80,000 to \$ 115,000.

The analysis of the comparable sales below reflects market reaction to significant variations between the sales and the subject property.

FEATURE	SUBJECT	SALE # 1	SALE # 2	SALE # 3
Address	512 6th Avenue Lewiston	1102 12th Avenue Lewiston	1019 7th Street Lewiston	1426 7th Avenue Lewiston
Proximity to Subject		0.62 miles	0.34 miles	0.69 miles
Sales Price	\$ 95,000	\$ 110,100	\$ 119,000	\$ 94,100
Price/Gross Liv. Area	\$ 83.33 <input checked="" type="checkbox"/>	\$ 97.26 <input checked="" type="checkbox"/>	\$ 92.82 <input checked="" type="checkbox"/>	\$ 82.26 <input checked="" type="checkbox"/>
Data & Verification Sources		MLS# 101295/File/Inspection	MLS# 101243/File/Inspection	MLS# 99971/Ass/Inspection
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION + (-) \$ Adjustment	DESCRIPTION + (-) \$ Adjustment	DESCRIPTION + (-) \$ Adjustment
Sales or financing		Conventional	Conventional	Conventional
Concessions		None Known	None Known	None Known
Date of Sale/Time		11/22/2004	02/23/2005	06/04/2004
Location	Average	Average	Average	Inferior
Site	0.15 +/-Acres	0.12 +/-Acres	0.12 +/-Acres	0.16 +/-Acres
View	Neighborhood	Neighborhood	Neighborhood	Neighborhood
Design (Style)	Ranch/Average	Ranch/Average	Ranch/Average	Ranch/Average
Actual Age (Yrs.)	75a/25e	79a/25e	57a/20e	59a/20e
Condition	Average	Average	Average	Average
Above Grade	Total Bdrms Baths	Total Bdrms Baths	Total Bdrms Baths	Total Bdrms Baths
Room Count	5 3 1.00	4 2 1.00	4 2 1.00	5 3 1.00
Gross Living Area	1,140 Sq. Ft.	1,132 Sq. Ft.	1,282 Sq. Ft.	1,144 Sq. Ft.
Basement & Finished	242 Unfinished	1,132 Part Fnspd	936 Part Fnspd	1,144 Finished
Rooms Below Grade	0-0-0	5-2-1	2-1-1	4-2-1
Garage/Carport	None	None	None	None
Amenities	Entries/Fence	CvPh/Pat/Fp/SS	Ent/Pat/Fps/Fn	Entries/Sheds
Heat/Cooling	Gas FA/CAC	Gas FA/CAC	Gas FA/CAC	Gas FA/CAC
Net Adj. (total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -11,200	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -16,700	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -8,800
Adjusted Sales Price of Comparables		Net=-10% Gross=10% \$ 98,900	Net=-14% Gross=14% \$ 102,300	Net=-9% Gross=20% \$ 85,300
Date of Prior Sale	No prior sales	No sales have occurred	No sales have occurred	06/07/2004
Price of Prior Sale	\$ in 36 months.	\$ in the last 12 months.	\$ in past 12 months.	\$ 95,000
Analysis of any current agreement of sale, option or listing of the subject property and analysis of the prior sales of subject and comparables: See Comment				
Addendum.				
Summary of sales comparison and value conclusion: The subject is typical for the neighborhood and would market well. The comparables displayed were carefully selected and are considered to be the best indicators of the subject's market value.				
Sources of data included; Lewiston Multiple Listing Service, The Nez Perce County Assessors Office, appraisal files, realtor interviews, and appraisers daily exposure to the market. All comparables were given appropriate consideration in determining the subject's estimated market value. The date of sale on the sales comparison grid unless otherwise noted, is reportedly the close of escrow date.				
This appraisal is made <input checked="" type="checkbox"/> "as-is", <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, or <input type="checkbox"/> subject to the following repairs, alterations or conditions:				
BASED ON AN <input type="checkbox"/> EXTERIOR INSPECTION FROM THE STREET OR AN <input checked="" type="checkbox"/> INTERIOR AND EXTERIOR INSPECTION, I ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT TO BE \$ 98,000 , AS OF 03/08/2005				

Desktop Underwriter Quantitative Analysis Appraisal Report

PUD

Project Information for PUDs (If applicable) - - Is the developer/builder in control of the Home Owners' Association (HOA)? ☐ Yes ☐ No

Provide the following information for PUDs only if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit:

Total number of phases
Total number of units rented

Total number of units
Total number of units for sale

Total number of units sold
Data Source(s)

Was the project created by the conversion of existing buildings into a PUD? ☐ Yes ☐ No If yes, date of conversion:

Does the project contain any multi-dwelling units? ☐ Yes ☐ No Data Source:

Are the common elements completed? ☐ Yes ☐ No If No, describe status of completion:

Are any common elements leased to or by the Home Owners' Association? ☐ Yes ☐ No If yes, attach addendum describing rental terms and options.
Describe common elements and recreational facilities:

CONDOMINIUM

Project Information for Condominiums (If applicable) - - Is the developer/builder in control of the Home Owners' Association (HOA)? ☐ Yes ☐ No

Provide the following information for all Condominium Projects:

Total number of phases
Total number of units rented

Total number of units
Total number of units for sale

Total number of units sold
Data Source(s)

Was the project created by the conversion of existing buildings into a condominium? ☐ Yes ☐ No If yes, date of conversion:

Project Type: ☐ Primary Residence ☐ Second Home or Recreational ☐ Row or Townhouse ☐ Garden ☐ Midrise ☐ Highrise ☐

Condition of the project, quality of construction, unit mix, etc.:

Are the common elements completed? ☐ Yes ☐ No If No, describe status of completion:

Are any common elements leased to or by the Home Owners' Association? ☐ Yes ☐ No If yes, attach addendum describing rental terms and options.
Describe common elements and recreational facilities:

PURPOSE OF APPRAISAL: The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report based on a quantitative sales comparison analysis for use in a mortgage finance transaction.

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 judgment.

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 any required sketch in the appraisal report to show approximate dimensions of the improvments and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's detemination of its size.

3. 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.

4. The appraiser has noted in the appraisal report any adverse conditions (such as, but not limited to, needed repairs, 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, expressed 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.

5. 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.

6. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.

7. 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 report 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.

8. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed.

9. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.

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

1. I performed this appraisal by (1) personally inspecting from the street the subject property and neighborhood and each of the comparable sales (unless I have otherwise indicated in this report that I also inspected the interior of the subject property); (2) collecting, confirming, and analyzing data from reliable public and/or private sources; and (3) reporting the results of my inspection and analysis in this summary appraisal report. I further certify that I have adequate information about the physical characteristics of the subject property and the comparable sales to develop this appraisal.
2. I have researched and analyzed the comparable sales and offerings/listings in the subject market area and have reported the comparable sales in this report that are the best available for the subject property. I further certify that adequate comparable market data exists in the general market area to develop a reliable sales comparison analysis for the subject property.
3. 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 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, have considered these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them, and have commented about the effect of the adverse conditions on the marketability of the subject property. 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.
4. 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.
5. I have no present or prospective interest in the property that is the subject of 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, age, marital status, 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 or on any other basis prohibited by law.
6. 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.
7. 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.
8. I estimated the market value of the real property that is the subject of this report based on the sales comparison approach to value. I further certify that I considered the cost and income approaches to value, but, through mutual agreement with the client did not develop them, unless I have noted otherwise in the report.
9. I performed this appraisal as a limited appraisal, subject to the Departure Provision of 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 the place as of the effective date of the appraisal (unless I have otherwise indicated in this report that the appraisal is a complete appraisal, in which case, the Departure Provision does not apply).
10. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value. The exposure time associated with the estimate of market value for the subject property is consistent with the marketing time noted in the Neighborhood section of this report. The marketing period concluded for the subject property at the estimated market value is also consistent with the marketing time noted in the Neighborhood section.
11. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. I futher certify that no one provided significant professional assistance to me in the development of this appraisal.

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 examined the appraisal report for compliance with the Uniform Standards of Professional Appraisal Practice, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 5 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

APPRAISER:

Brenda White

Signature:

Brenda White

Name:

White Appraisal Services

Company Name:

357 W. Reservoir Drive

Company Address:

Lewiston, ID 83501

03/11/2005

Date Report Signed:

CRA-384

State Certification #:

or State License #:

ID

State:

04/16/2005

Expiration Date of Certification or License:

SUPERVISORY APPRAISER (ONLY IF REQUIRED):

Signature:

Name:

Company Name:

Company Address:

Date Report Signed:

State Certification #:

or State License #:

State:

Expiration Date of Certification or License:

ADDRESS OF PROPERTY APPRAISED:

512 6th Avenue

Lewiston, ID 83501

APPAISED VALUE OF SUBJECT PROPERTY \$98,000

EFFECTIVE DATE OF APPRAISAL/INSPECTION03/08/2005

LENDER/CLIENT:

Name:

Huff, Charles and Nancy

Company Name:

523 6th Avenue

Company Address:

Lewiston, ID 83501

SUPERVISORY APPRAISER:

SUBJECT PROPERTY

Did not inspect subject property

Did inspect exterior of subject property from street

Did inspect interior and exterior of subject property

COMPARABLE SALES

Did not inspect exterior of comparable sales from street

Did inspect exterior of comparable sales from street

Fannie Mae Form 2055 9-96

ClickFORMS Appraisal Software 800-622-8727

Page 3 of 12

Borrower Lewis Clark State College					
Property Address 512 6th Avenue					
City Lewiston	County	Nez Perce	State	ID	Zip Code 83501-2423
Lender/Client Huff, Charles and Nancy		Address 523 6th Avenue, Lewiston, ID 83501			

IMPROVEMENTS:

The subject includes, but is not limited to the following amenities: lighted ceiling fan in the living room and one bedroom, central air conditioner, and a fence.

Per the owner, the bedroom was enclosed and the bathroom was remodeled 5 years ago.

The appraiser noticed some wood to earth. The appraiser does not warrant against pest infestation.

CONDITION OF THE APPRAISAL:

This report is intended to be a summary appraisal report of a complete appraisal as defined in Standard 2-2(b) of the Uniform Standards of Professional Practices. The information in the appraisal is a summary of the information in the appraiser's work file. The departure provision was not invoked. This appraisal is "As-Is".

Homes that exceed or are lower than predominant neighborhood values are not uncommon in the central Idaho's market. Housing styles, condition, age, site size and values of homes within central Idaho's neighborhoods tend to vary more than is typical in many other markets. Newer and larger homes have been constructed in neighborhood where older more modest homes have been predominant for many years. This is even more common in downtown Lewiston. This situation has become even more prevalent since the late 1980's when central Idaho's economy started to improve and the local housing industry began its recovery. The variety of homes does not effect marketability or appeal.

SALES ANALYSIS:

The subject is a pending sale. The subject has not sold in the last 36 months and comparables used have not sold in the last 12 months, per the MLS.

The purpose of the appraisal for the subject property is to aid in a market value decision for the borrower-client. The definition of market value used in this appraisal report is: "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 and knowledgeably, and assuming the price is not affected by undue stimulus." This appraisal report is prepared for the sole and exclusive use of the lender, Charles and Nancy Huff, to assist with the mortgage lending decision. No third parties are authorized to rely upon this report without the express written consent of the appraiser. The appraiser is not a home inspection. This report should not be relied upon to disclose any conditions present in the subject property. The appraisal report does not guarantee that the property is free of defects. A professional home inspection is recommended. Idaho is a non-disclosure state, therefore the actual sales amounts for any past sales have been provided from the Lewiston Multiple Listing service records. No warranties are made to the accuracy of these dollar amounts.

SALES COMPARISON-RECONCILIATION:

Sources of data included the Lewiston Multiple Listing Service, the Nez Perce County Assessors office and the appraisers files. The appraisal is to estimate the subject's market value. All comparables were given appropriate consideration in determining the subject's estimated market value. The adjustments made in the appraisal report appear to be market derived. The appraiser's judgment played a part in determining the proper adjustments. It is assumed that no market differences have occurred between the effective date of the appraisal and the date the appraisal was signed. The effective age of the subject and comparables are determined from a 60 year economic age.

QUALIFICATIONS:

Marie Mottern is a trainee under a certified residential appraiser in the states of Idaho and Washington, significantly contributed to all aspects of the appraisal report.

APPRAISER'S CERTIFICATION:

The following Certification statements are in addition to and may supercede the signed Appraiser's Certification attached to this appraisal report. This Appraiser's Certification is compliant with the current edition of the Uniform Standards of Professional Appraisal Practice.

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties invoved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignement is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

I ☒ have ☐ have not made a personal inspection of the property that is the subject of this report. (If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)

No one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance must be stated.)

PURPOSE, INTENDED USE, AND INTENDED USER OF THE APPRAISAL:

The purpose of the appraisal is to estimate the market value of the subject property, as defined in this report, as of the effective date of this report. The intended use of the appraisal is to assist the client and any other intended users in the underwriting, approval, and funding of the mortgage loan. The intended users of this report are the stated client and any other institutions involved in the underwriting , approval, and funding of the mortgage loan. No one else, including the purchaser and seller, should rely on the estimate of value or any other conclusions contained in this appraisal report.

ANALYSIS AND REPORT FORM:

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, listings, and/or rentals within the subject market area.

The original source of the comparable data described in the Data Source section of the market grid along with the source of confirmation provided, where available, the original source is presented first. The sources and data are considered reliable. When conflicting information was provided, source deemed most reliable has been used. Data believed to be unreliable was not included in the report or used as a basis for the value conclusion. The extent of the analysis to this assignment is stated in the Appraiser's Certification included above and attached to this report.

DEFINITION OF INSPECTION:

The term "Inspection", as used in this report, is not the same level of inspection that is required for a "Professional Home Inspection". The appraiser does not fully inspect the electrical system, plumbing systems, mechanical systems, foundation system, floor structure, or subfloor. The appraiser is not an expert in construction materials and the purpose of the appraisal is to make an economic evaluation of the subject property. If the client needs a more detailed inspection of the property, a home inspection, by a Professional Home Inspector, is suggested.

DIGITAL SIGNATURES:

The signature(s) affixed to this report, and certification, were applied by the original appraiser(s) or supervisory appraiser and represent their acknowledgements of the facts, opinions and conclusions found in the report. Each appraiser(s) applied his or her signature electronically using a password encrypted method. Hence these signatures have more safeguards and carry the same validity as the individual's hand applied signature. If the report has a hand-applied signature, this comment does not apply.

OPINION OF MARKET VALUE VS ESTIMATE OF MARKET VALUE:

The current Uniform Standards of Professional Appraisal Practice defines the market value conclusion as an opinion of market value and not an estimate of market value.

THREE YEAR SALES HISTORY FOR THE SUBJECT PROPERTY:

The appraiser has complied with Standards Rule 1-5b and 2-2b (ix) requiring the appraiser to analyze and report all sales of the subject property that occurred within the three (3) years prior to the effective date of the appraisal. If this information was available to the appraiser(s), it is reported in the subject column of Sales Comparison Analysis section of the appraisal report.

EXPOSURE PERIOD:

By studying the sales of similar comparable residential properties with value ranges as identified in the Neighborhood section of this report and discussions with individuals knowledgeable of current neighborhood trends in the subject area, the appraiser feels that the exposure time for the subject property is equal to the indicated Marketing Time identified in the Neighborhood section of this appraisal report.

Signature 		Signature _____		<input type="checkbox"/> Did Inspect Property	<input type="checkbox"/> Did Not
Name Brenda White		Name _____			
Date Report Signed 03/11/2005		Date Report Signed _____			
State Certification # CRA-384		State Certification # _____			
Or State License # _____		Or State License # _____			

City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy		Address 523 6th Avenue, Lewiston, ID 83501				

☐ Complete Appraisal
The act or process of estimating value, or an estimate of value, performed without invoking the Departure Provision.

☒ Limited Appraisal
The act or process of estimating value, or an estimation of value, performed under and resulting from invoking the Departure Provision.

☐ Self Contained Report
A written report prepared under Standards Rule 2-2(A) of a complete or limited appraisal performed under Standard 1.

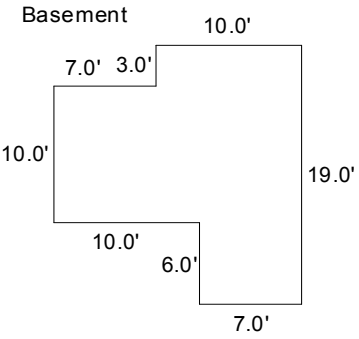
☒ Summary Report
A written report prepared under Standards Rule 2-2(B) of a complete or limited appraisal performed under Standard 1.

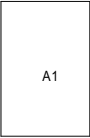
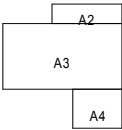
☐ Restricted Report
A written report prepared under Standards Rule 2-2(C) of a complete or limited appraisal performed under Standard 1.

Note any departures from Standards Rules 1-2, 1-3, 1-4, plus any USPAP-related issues requiring disclosure:

The appraiser departed from the cost approach and the income approach.

Borrower	Lewis Clark State College						
Property Address	512 6th Avenue						
City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy			Address	523 6th Avenue, Lewiston, ID 83501		



SKETCH CALCULATIONS		Perimeter	Area
	A1 : 26.5 x 43.0 =		1139.5
	First Floor		1139.5
	A2 : 10.0 x 3.0 =		30.0
	A3 : 17.0 x 10.0 =		170.0
	A4 : 7.0 x 6.0 =		42.0
	Basement		242.0
	Total Living Area		1381.5

White Appraisal Services
SUBJECT PHOTO ADDENDUM

File No. PR05L135
Case No. N/A

Borrower	Lewis Clark State College						
Property Address	512 6th Avenue						
City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy			Address	523 6th Avenue, Lewiston, ID 83501		



**FRONT OF
SUBJECT PROPERTY**
512 6th Avenue
Lewiston, ID 83501



**REAR OF
SUBJECT PROPERTY**



STREET SCENE

Borrower	Lewis Clark State College						
Property Address	512 6th Avenue						
City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy			Address	523 6th Avenue, Lewiston, ID 83501		



COMPARABLE SALE # 1
1102 12th Avenue
Lewiston



COMPARABLE SALE # 2
1019 7th Street
Lewiston



COMPARABLE SALE # 3
1426 7th Avenue
Lewiston

White Appraisal Services
FLOOD MAP ADDENDUM

File No. PR05L135
Case No. N/A

Borrower	Lewis Clark State College						
Property Address	512 6th Avenue						
City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy		Address	523 6th Avenue, Lewiston, ID 83501			

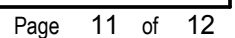


Flood Map Legends		Flood Zone Determination	
Flood Zones <ul style="list-style-type: none">Area inundated by 500-year floodingArea outside of the 100 and 500 year flood plainsArea inundated by 100-year floodingArea inundated by 100-year flooding with velocity hazardFloodway areasFloodway areas with velocity hazardArea of undetermined but possible flood hazardArea not mapped on any published FIRM		SFHA (Flood Zone): Out Within 250 ft. of multiple flood zone? No Community: 160104 Community Name: LEWISTON, CITY OF Zone: C Panel: 160104 0001B Panel Date: 01/20/1982 FIPS Code: 16069 Census Tract: 9903.00 This Flood Report is for the sole benefit of the Customer that ordered and paid for the Report and is based on the property information provided by the customer. That customer's use of this report is subject to the terms agreed by that customer when accessing this product. No third party is authorized to use or rely on this report for any purpose. NEITHER FIRST AMERICAN FLOOD DATA SERVICES NOR THE SELLER OF THIS REPORT MAKES ANY REPRESENTATIONS OR WARRANTIES TO ANY PARTY CONCERNING THE CONTENT ACCURACY OR COMPLETENESS OF THIS REPORT INCLUDING ANY WARRANTY OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Neither TFHC nor the seller of this Report shall have any liability to any third party for any use or misuse of this Report.	

PLAT MAP

Case No. N/A

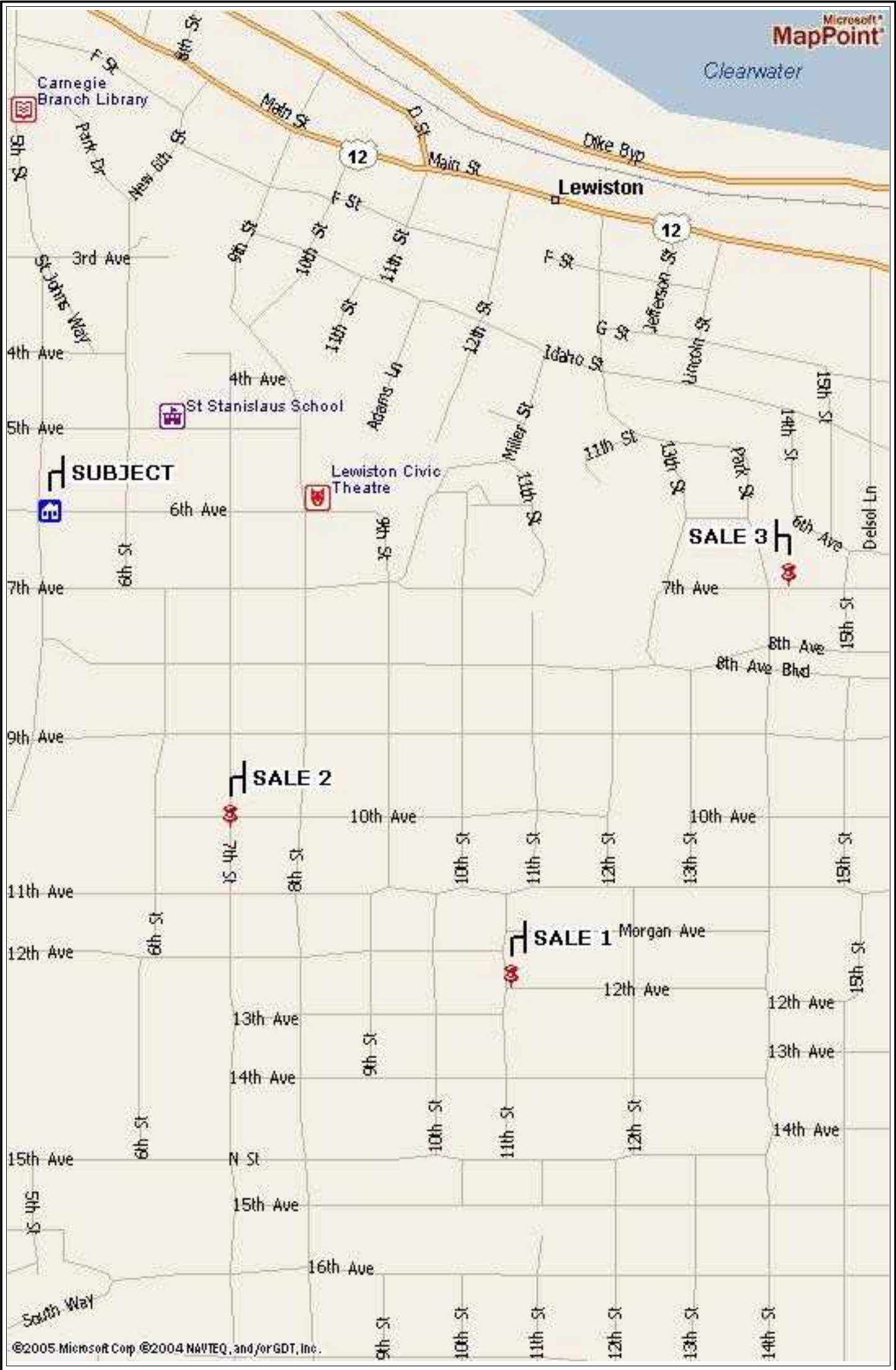
Address 523 6th Avenue, Lewiston, ID 83501



White Appraisal Services
LOCATION MAP ADDENDUM

File No. PR05L135
Case No. N/A

Borrower	Lewis Clark State College				
Property Address	512 6th Avenue				
City	Lewiston	County	Nez Perce	State	ID
				Zip Code	83501-2423
Lender/Client	Huff, Charles and Nancy		Address	523 6th Avenue, Lewiston, ID 83501	



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Lewis-Clark State College

ATTACHMENT 4

Carriage House Bed and Breakfast Purchase
Expected Revenues less Expenses

1						Anticipated
2						Net
3	<u>Property</u>	<u>Cost</u>	<u>Rate</u>	<u>Term</u>	<u>Payment</u>	<u>Revenues</u>
4						
5	504 Sixth Avenue	270,000.00	5%	25	\$1,596.43	\$1,560.00
6	508 Sixth Avenue	95,000.00	5%	20	\$635.25	\$850.00
7	512 Sixth Avenue	95,000.00	5%	20	\$635.25	\$850.00
8	Total	460,000.00			\$2,866.94	\$3,260.00

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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.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
LEWIS-CLARK STATE COLLEGE

SUBJECT

Lewis-Clark State College (LCSC) requests contract approval to host the NAIA Baseball National Championship Tournament.

APPLICABLE STATUTE, RULE OR POLICY

N/A

BACKGROUND

The Board Rules authorizes the Executive Director to approve agreements that do not place significant burdens on institutions. Because of the on-going discussion on athletics, this item is brought to the Board for its review and approval.

DISCUSSION

Lewis-Clark State College hosted the NAIA World Series for seven years ending its agreement with the NAIA in 1991. At that time the NAIA decided to try a new format for the Series and moved it away from the Pacific Northwest. The Series was then held at three different sites with the outcome being relatively the same at each location. Attendance, community involvement, and the experience for the student athletes did not compare with that experienced at LCSC. LCSC was approached by the NAIA to bid on the baseball championship for the years 2000-2006. LCSC has hosted a successful baseball tournament each of the last six years. LCSC's continuing commitment to hosting the NAIA World Series includes the college providing a quality event that is financially successful to the institution yet affordable to the public. The Series has provided the NAIA, participants, the college and the Lewis-Clark Valley with a memorable, successful, positive, enjoyable and well-managed event, including an educational experience. A draft copy of the agreement is attached (see Attachment 1).

IMPACT

Lewis Clark State College anticipates continuing an anticipated surplus of at least \$40,000. One of the six goals established for the Series addresses fiscal success and the investment thereof into the educational mission of the college. Other strategies for the financial goal include reinvesting in the event itself and in the economic development of the Lewis-Clark Valley.

STAFF COMMENTS AND RECOMMENDATIONS

Staff has requested a copy of the tournament budget for purposes of review, and to verify the tournament is a financially positive arrangement for the college.

Legal staff as inquired about indemnification clauses in the proposed contract. LCSC is reviewing the terms of the contract with the NAIA.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

INSTITUTION / AGENCY AGENDA
LEWIS-CLARK STATE COLLEGE - continued

Staff recommends approval of the contract.

BOARD ACTION

A motion to approve a contract agreement between the National Association of Intercollegiate Athletics (NAIA) and Lewis-Clark State College, in the form presented to the Board, enabling the college to continue to operate an NAIA college baseball world series and to delegate signature authority in regard to such agreement to the Vice President for Administrative Services at Lewis-Clark State College.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

NATIONAL ASSOCIATION OF INTERCOLLEGIATE ATHLETICS
23500 W. 105th Street, PO Box 1325, Olathe, KS 66051-1325

NAIA BASEBALL NATIONAL CHAMPIONSHIP

CHAMPIONSHIP HOST AGREEMENT

The National Association of Intercollegiate Athletics (hereinafter referred to as the "NAIA") and Lewis-Clark State College, Lewiston, Idaho (hereinafter referred to as the "Host") agree to the following conditions relative to the organization, management and administration of the NAIA Baseball National Championship Tournament (the "Championship") to be held at Harris Field, Lewiston, Idaho, May 25-June 1, 2007; May 23-30, 2008; and May 22-29, 2009.

I. APPROVAL AND ACKNOWLEDGEMENTS

- A. The NAIA hereby approves Lewis-Clark State College as the official host of the Championship. The Championship shall consist of a ten team double elimination tournament beginning the Friday prior to Memorial Day during each year of this Agreement. The game schedule and times shall be mutually agreed upon by the Host and the NAIA.
- B. The Championship shall be conducted under the direct control and supervision of the NAIA, including the implementation of policies established by the NAIA Baseball Coaches Association and the NAIA Council of Athletics Administrators (the "CAA"). Policies regarding format of the Championship are subject to change by the NAIA Council of Presidents (the "COP") and the CAA. The NAIA shall approve the designation of the Host's Championship Coordinator, who shall work with the NAIA national office administrator (the "NAIA Administrator") in organizing and conducting the Championship.
- C. The Host shall indemnify fully and hold harmless the NAIA, its officers, agents and employees from any and all claims, demands, and causes of action, including the cost of attorney's fees arising out of anything done or purported to have been done by the Host, or any of its agents, under this Agreement.
- D. The NAIA shall indemnify fully and hold harmless the Host, its officers, agents and employees from any and all claims, demands and causes of action, including the cost of attorney's fees arising out of anything done or purported to have been done by the NAIA, or any of its agents, under this Agreement.
- E. Corporations with business interests beyond the local area of the Championship site shall not be solicited for financial support without the prior written approval of the NAIA. Further, no businesses or corporations shall be identified or receive recognition as a title sponsor of the Championship without prior written approval from the NAIA.
- F. Alcoholic beverages and tobacco products of any form shall not be advertised, sold, disbursed, or brought onto the site of the Championship.
- G. The Host shall honor all NAIA membership cards and all NAIA credentials issued to authorized players, coaches, officials and media for admittance to the Championship. NAIA players/coaches in the Championship with proper credentials, and not participating in the game in progress, will be provided designated seating areas. NAIA membership cards presented at the Championship also will be honored.
- H. The NAIA shall be responsible for any and all negotiations for radio and television rights. The NAIA will assist the Host in procuring and developing broadcast

NAIA Baseball National Championship Agreement

packages. The Host and the NAIA will share equally all rights fees and expenses associated with radio and television broadcasts.

- I. The name National Association of Intercollegiate Athletics, initials NAIA, logo and other NAIA symbols and insignia (the "NAIA Marks") are the exclusive property of the NAIA. The Host is awarded limited rights and privileges in using the NAIA Marks to promote, advertise and market the Championship. Such use of the NAIA Marks by the Host is restricted in the following areas which require express written approval by the NAIA.
 1. **Commercial Sales** - Any product featuring the NAIA name, initials or logo, and being sold prior to, during or after the national Championship.
 2. **Awards** - This includes, but is not limited to trophies, ribbons, medals, award banners, rings and lapel pins.
 3. **Promotional Giveaways** - Any product featuring the NAIA, name, initials or logo which is given to fans, coaches, or athletes before, during or after the national Championship; or any product featuring the NAIA name, initials or logo which is given to volunteers, Championship coordinators and championship workers/officials.

Unless the Host receives prior written approval from the NAIA COO, merchandise denoting NAIA Marks or any competing products (with or without NAIA Marks) for commercial sale or promotional giveaway shall be marketed, sold or purchased ONLY through an approved NAIA vendor (the "Championship Vendor"). See Section IV. E. hereof for Host responsibilities relating to the Championship Vendor.

II. RESPONSIBILITIES OF THE PARTICIPATING INSTITUTIONS

- A. Participating institutions shall designate official traveling parties of a maximum of 26 persons, of which no more than 24 may be eligible players in uniform.
- B. Participating institutions shall provide a list of a maximum of 29 persons to receive authorized team credentials for admittance to all sessions.
- C. Participating institutions shall pay for the cost of transportation, to and from Spokane, Washington and/or Lewiston, Idaho.
- D. Participating teams shall attend and participate in the Championship banquet, official opening ceremonies and any awards presentations as deemed necessary by the NAIA.
- E. Participating institutions shall be responsible for medical, hospitalization, travel and accident insurance for all members of the traveling party.
- F. Participating institutions shall supervise the conduct of its athletes and staff, and assume any financial responsibility in the case of any property damages, unauthorized charges, etc.

III. NAIA RESPONSIBILITIES

- A. The NAIA, in cooperation with the Host, shall coordinate and administer the Championship, including the qualification of teams, seedings, pairings, and game times. However, Lewis-Clark State College will be guaranteed an evening game on the opening night of the Championship. The NAIA Baseball Tournament Committee will be responsible for game management during the Championship, including the monitoring of all on-field operations, the establishment of new game times due to inclement weather, the evaluation of umpires, and the scheduling of practice sites and times.
- B. The NAIA shall provide one (1) automatic berth for the Host through the duration of the contract (2007-2009).

NAIA Baseball National Championship Agreement

- C. The NAIA shall select and assign eight (8) game umpires for the Championship in consultation with the NAIA Baseball Coaches Association. No more than four (4) of such umpires will be from Region I.
- D. The NAIA shall select and assign the four-member NAIA Baseball Tournament Committee (the "Championship Committee").
- E. The NAIA shall provide general information content for the souvenir program to include VIP messages, previous results, rosters, Championship bracket, etc.
- F. The NAIA shall print and provide credentials for use by participants, coaches, authorized media, volunteers and officials.
- G. The NAIA shall print and provide an information press packet for the media covering the Championship. Press books may be printed at site, but shall be the financial obligation of the NAIA. The NAIA reserves the right to include the press packet as part of the Championship souvenir program produced by the Host.
- H. The NAIA shall have final approval of the agenda for the Championship banquet, opening ceremonies and awards ceremonies in consultation with the Host.
- I. The NAIA shall provide an adequate number of baseballs for Championship competition. Only the officially designated NAIA ball shall be used during all competition.
- J. The NAIA shall prepare and mail all entry information and related materials.

IV. HOST RESPONSIBILITIES

- A. The Host shall provide Harris Field for a maximum of 19 games and ten one-hour practice sessions the day before the Championship begins at no cost to the Championship budget. Use of Harris Field shall include all facilities necessary for baseball including adequate lighting and sound system, concession stands, rest rooms, meeting rooms, box office, parking lots, etc.
- B. The Host shall provide auxiliary practice sites for the 10 participating teams at fields in the Lewiston community, with maintenance costs related to such practice sites charged to the Championship budget. Practice times and sites to be assigned by the NAIA Administrator and Championship Committee in cooperation with the Host.
- C. The Host shall provide all Championship personnel necessary to conduct the Championship, including but not limited to ticket sellers and takers, adequate security/police, concession vendors, maintenance crew, and hospitality workers.
- D. The Host shall provide press box personnel necessary for the administration of the games, including but not limited to statistical crew, scorekeepers, public address announcers and time keepers.
- E. The Host shall provide the Championship Vendor with a covered area to market and sell NAIA merchandise at Harris Field, hotel headquarters, banquet area, and registration area. Each sales area shall be equipped with tables, chairs, electricity, and a phone line (where reasonably available). The Host shall provide support sales staff (normally 2 full-time equivalents) and account for all inventory and sales. In exchange for providing the aforementioned sales areas and support staff, the Host shall receive ten percent (10%) of gross sales (total receipts less any applicable taxes) in such areas.
- F. The Host shall provide local travel (including Spokane Airport pickup and return), housing (up to ten rooms per team) and meals (or meal expenses up to \$20 per day) for the 26 person official party designated by each participating institution. Reimbursement for housing and meals shall begin the Thursday night preceding Memorial Day during each year of this Agreement. Such expenses shall be paid by Host regardless of whether there is sufficient Championship income to cover such costs.

NAIA Baseball National Championship Agreement

- G. The Host shall provide travel (including Lewiston Airport pick-up and return), housing, meals and/or meal expenses up to \$25.00 per diem for each of the four members of the Championship Committee.
- H. The Host shall provide travel (including Lewiston Airport pick-up and return), housing, meals and/or meal expenses up to \$25.00 per diem and game fees for a maximum of eight (8) game officials and one (1) Supervisor of Officials. Four member umpire crews will work each of the first fifteen (15) games of the Championship. Games sixteen through eighteen (and game nineteen if needed) shall use six member umpire crews. The fee (honorarium) for the Supervisor of Officials shall be \$400.00. Each umpire shall be paid under the following schedule:

In 2007 each umpire will receive \$90.00 per game.

In 2008 each umpire will receive \$90.00 per game.

In 2009 each umpire will receive \$95.00 per game.

Additionally, if the National Office determines to increase the per diem of officials/supervisors, tournament committee members and National Office representatives for each of its championships, the Host will increase the per diem accordingly.

- I. The Host shall provide travel (including Lewiston Airport pickup and return), housing, meals and/or meal expenses up to \$25.00 per diem for a maximum of two (2) NAIA representatives.
- J. The Host shall provide an NATA-certified trainer to cover all sessions of the Championship including the operation and administration of a training room. The NAIA will solicit the donation of normal training supplies for use by the Championship trainer. If complimentary supplies cannot be obtained, the cost of training supplies would be the responsibility of the Host.
- K. The Host shall provide a maximum of eight (8) courtesy cars, with a full tank of gas for use by the NAIA committee and officials. Vehicles shall be assigned by the NAIA Administrator.
- L. The Host shall be responsible for arranging an opening banquet for all players, coaches and Championship officials. Complimentary tickets will be provided on the following basis: participating teams (260) and NAIA officials (20). The Host may offer public sale of banquet tickets at its discretion.
- M. The Host shall produce the Championship souvenir program in consultation with the NAIA Department of Sports Information. The cost of printing the Championship program will be the sole responsibility of the Host. The Host will retain all revenue derived from program advertising sold by the Host. The NAIA will confirm, in writing, the number of required pages for editorial/advertising copy.
- N. The Host shall be responsible for the printing of tickets, establishment of box office and outlets and the management of all Championship admissions. **NOTE:** Approval of the copy for the front and back side of Championship tickets and the cost of admissions must be approved by the NAIA Administrator.
- O. The Host shall be responsible for the advance publicity and promotion of the Championship to include any paid advertising, posters, flyers and related expenses.
- P. The Host shall be responsible for all expenses related directly to the administration of the Championship, including printing, postage, telephone calls, and supplies.
- Q. The Host shall provide telephone service and office equipment [for the NAIA Championship Headquarters (hotel)] and Harris Field (Press Room) to include two (2) high-speed copiers, two (2) facsimile (FAX) machines, and four (4) telephone lines/equipment (2 for the hotel and 2 for the arena) installed for use by NAIA authorized personnel.

The Host also shall provide an on-line work station with internet access and an e-mail account in the press room for use by NAIA authorized personnel. The

NAIA Baseball National Championship Agreement

- installation of a minimum of six (6) credit card only and/or coin operated telephones for media use is also recommended.
- R. The Host shall provide general commercial liability insurance pursuant to the limits established under the Idaho Torts Claims Act. The Host shall name the NAIA as an "additional insured" party and shall provide the NAIA with documentation of such liability insurance no later than 90 days prior to each Championship.
 - S. The Host shall provide medical coverage of the Championship to include a physician and ambulance service on-site or immediately on-call throughout the Championship.
 - T. The Host shall provide the official photographer and photography services to include reproduction, sales, and distribution covering the banquet, Championship and awards ceremonies. The photographer shall send thirty prints free of charge, selected by the NAIA Administrator, to the NAIA National Office within ten (10) days after the completion of the Championship.
 - U. The Host shall provide the official videographer and videotaping services to include reproduction, sales and distribution to all participating teams and spectators. All videotapes produced for NAIA will be the sole property of the NAIA. The videographer will library all NAIA master tapes for direct fulfillment purposes only. The NAIA will be able to direct all usage of Championship footage. The videographer shall send free of charge a copy of the championship game videotape to the NAIA National Office within ten (10) days after completion of the Championship. Reproduction and sales are limited to one year after Championship production.
 - V. The Host shall provide complimentary space to be used as a Championship headquarters including complimentary meeting rooms, secretarial assistance, supplies, etc.
 - W. The Host shall pay for all approved championship awards. The NAIA national office will order & coordinate the shipping of such awards.
 - X. The Host shall be responsible for coordinating a Champions of Character event/program for NAIA student-athletes and coaches to work directly with youth organizations, schools and civic groups to educate, promote and incorporate the five core character values of respect, integrity, responsibility, servant leadership and sportsmanship within the national championship. The NAIA will provide suggestions and information for implementing this program.

V. FINANCIAL AGREEMENT

- A. The Host shall submit an estimated budget of income and expenses to the NAIA Championship Administrator at least sixty (60) days prior to the beginning of the Championship.
- B. A financial report of all Championship income and all Championship expenses shall be sent to the NAIA Championship Administrator within sixty (60) days upon conclusion of the Championship.
- C. The Host shall be responsible for all costs described in Section IV of this Agreement regardless of whether there is income derived from the Championship to cover such costs. If income remains after paying such expenses described in Section IV, the Host shall retain all such income.

NAIA Baseball National Championship Agreement

VI. TERM OF AGREEMENT

This Agreement shall cover the 2007, 2008, and 2009, NAIA Baseball Championships. Both parties hereby agree to negotiate in good faith an extension of this Agreement during a ninety (90) day period beginning the day after the conclusion of the 2008 NAIA Baseball Championship.

IN WITNESS WHEREOF, the NAIA and Lewis-Clark State College, Lewiston, Idaho have caused this Agreement to be executed as of the day and year written below.

NATIONAL ASSOCIATION OF INTERCOLLEGIATE ATHLETICS

By: _____
Authorized Signature

Printed Name

Title

Date

LEWIS-CLARK STATE COLLEGE

By: _____
Authorized Signature

Printed Name

Title

Date

SUBJECT

Acceptance of the Nonresident Fee Waiver – Fall 2004 reports.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.T.2.

REFERENCE

November 1998	Presidents recommended a change in the Board's fee waiver policy to increase the number of nonresident tuition waivers for disadvantaged or deserving students from one percent to three percent of the institution's FTE.
October 21-22, 1999	Board approved the policy change after the institutions identified the primary fields of study for which tuition waivers can be awarded. The policy requires that the institutions submit an annual report identifying the use of waivers by discipline by class level by state of residency.

BACKGROUND

When Presidents recommended changes in the fee policy, they also recommended that students receiving waivers be targeted for information technology programs, engineering and other programs with capacity. The Board's new policy requires that the institutions submit an annual report identifying the use of waivers by discipline by class level by state of residency.

DISCUSSION

The policy authorizes waivers of nonresident tuition not to exceed two percent (2%) of the institution's full-time equivalent enrollment. The chart on page 3 displays the authorized waivers and the actual waivers granted. Reports from the institutions, detailing the waivers by discipline, by level, and by state are provided on pages 5 – 11.

IMPACT

The waivers have attracted students to Idaho's institutions in areas of study that have been identified as potential manpower shortages. Many of these students might not have enrolled in Idaho institutions if it were not for these waivers. Hopefully these students will find employment in Idaho upon graduation.

STAFF COMMENTS AND RECOMMENDATIONS

The waivers are used the most to recruit foreign students majoring in engineering, biology, and computer sciences. Institutional representatives may wish to comment regarding the waivers and if/how they are fulfilling the original intent.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2004

Staff recommends the Board accept the reports from the institutions.

BOARD ACTION

A motion to accept the Nonresident Tuition Waiver – Fall 2004 reports for Boise State University, Idaho State University, University of Idaho, and Lewis-Clark State College as presented on pages 5 - 11

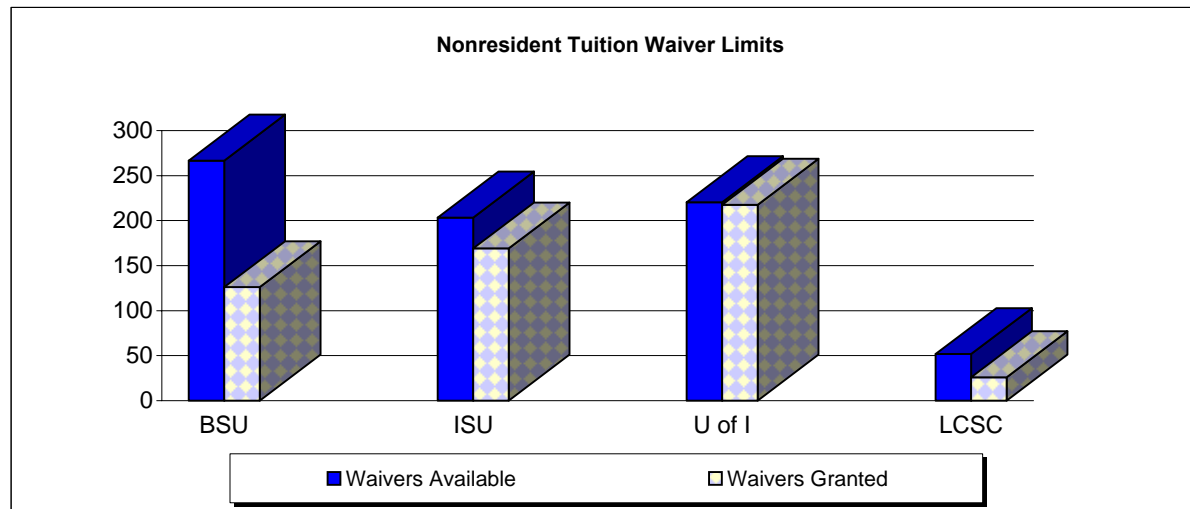
Moved by _____ Seconded by _____ Carried Yes _____ No _____

State Board of Education

Nonresident Tuition Waiver Limits

Fall 2004

Enrollment/Waivers/Impact		BSU	ISU	U of I	LCSC	Total
1	FTE Enrollment					
2	Fall 2004					
3	Academic	12,607	9,183	11,022	2,127	34,939
4	Vocational	715	988	0	459	2,162
5	Total	13,322	10,171	11,022	2,586	37,101
6						
7	Disadv or Deserving Stds Waivers - 2% of FTE					
8	Waivers Available	266	203	220	52	742
9						
10						
11	Waivers Granted	126.00	169.00	217.66	26.10	538.76
12	Granted as a Percent of Available	47.29%	83.08%	98.74%	50.46%	72.61%



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Boise State University
Status Report on Nonresident Tuition Waivers, Fall 2004 (High-Tech Areas Only)

State	Nonresident Tuition Waivers By Discipline						Nonresident Tuition Waivers By Level of Student					
	Engineering	Math, Comp Sci, Info Tech	Biology, Chemistry, Geology	Grph Dsgn	Other	Total	Fresh	Soph	Jr	Sr	Grad	Total
Washington	4	1	5	1	4	15	3	7	2	3	0	15
Oregon	6	3	10	1	7	27	6	9	6	6	0	27
Montana	1	1	2	1	2	7	2	2	2	1	0	7
Nevada	3	2	2	2	2	11	1	6	1	2	1	11
Utah	2	1	0	0	0	3	1	0	0	2	0	3
Wyoming	0	0	0	1	0	1	0	0	0	1	0	1
Alaska	2	1	6	0	3	12	6	4	1	1	0	12
Other States	7	0	6	1	7	21	7	6	4	2	2	21
Foreign	24	2	1	1	1	29	1	0	0	0	28	29
						0						0
						0						0
						0						0
						0						0
Total	49	11	32	8	26	126	27	34	16	18	31	126

Criteria Used to Offer Waivers:

1) Hi-Tech Major 2) GPA 3) Test Scores

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IDAHO STATE UNIVERSITY
Status Report on Nonresident Tuition Waivers
(Effect of Policy Change to Increase Deserving Students Waiver by 2% of Student FTE)
FALL, 2004

Nonresident Tuition Waivers by Discipline

1	State	Biology	B.A.T.	Chemistry	C.I.S	Computer Sci	Build/ Contr	Electr Tech	Engineer	Geology	Instr Tech	Math	Physics	Rad Sci	Survey Tech	Waste Mgmt	TOTAL
2	Foreign Country	23.00	4.00	3.00	37.00	9.00	0.00	0.00	35.00	1.00	0.00	3.00	2.00	1.00	0.00	0.00	118.00
3	Alaska	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	3.00
4	Arizona	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00
5	Arkansas	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
6	California	0.00	0.00	0.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	0.00	4.00
7	Colorado	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
8	Georgia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
9	Kansas	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
10	Louisiana	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
11	Michigan	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00
12	Missouri	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
13	Montana	6.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	3.00	1.00	0.00	11.00
14	Nebraska	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
15	Nevada	2.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
16	North Dakota	2.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
17	Oregon	0.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00
18	Texas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00
19	Virginia	1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00
20	Washington	2.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00
21	Wisconsin	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
22	Wyoming	0.00	0.00	1.00	1.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	4.00
23	Totals	43.00	4.00	4.00	44.00	10.00	2.00	1.00	41.00	5.00	0.00	6.00	3.00	5.00	1.00	0.00	169.00

24																	
25	Other Facts:																
26	Average GPA	3.36		3.54	3.07	3.09	3.54		3.20	3.40		3.34	3.16	3.40			3.32
27	Average SAT	1,220			1,020	1,070			1,050			1,020	1,240	860			1069
28	Average ACT	24		22	18		20		25	21		25	27	22			23

Nonresident Tuition Waivers by Level of Student

31	State	Fresh	Soph	Junior	Senior	Spec Grad	Master	Doctorate	TOTAL
32	Foreign Country	15.00	23.00	25.00	25.00	9.00	21.00	0.00	118.00
33	Alaska	0.00	0.00	2.00	1.00	0.00	0.00	0.00	3.00
34	Arizona	0.00	0.00	1.00	1.00	0.00	0.00	0.00	2.00
35	Arkansas	0.00	0.00	0.00	0.00	0.00	1.00	0.00	1.00
36	California	1.00	1.00	1.00	1.00	0.00	0.00	0.00	4.00
37	Colorado	0.00	0.00	0.00	0.00	0.00	1.00	0.00	1.00
38	Georgia	0.00	0.00	0.00	0.00	0.00	1.00	0.00	1.00
39	Kansas	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.00
40	Louisiana	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
41	Michigan	1.00	0.00	1.00	2.00	0.00	0.00	0.00	4.00
42	Missouri	1.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
43	Montana	2.00	3.00	4.00	2.00	0.00	0.00	0.00	11.00
44	Nebraska	1.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
45	Nevada	2.00	1.00	0.00	0.00	0.00	0.00	0.00	3.00
46	North Dakota	0.00	1.00	1.00	0.00	0.00	1.00	0.00	3.00
47	Oregon	0.00	0.00	1.00	1.00	0.00	0.00	0.00	2.00
48	Texas	0.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00
49	Virginia	0.00	0.00	0.00	2.00	0.00	0.00	0.00	2.00
50	Washington	2.00	1.00	0.00	1.00	0.00	0.00	0.00	4.00
51	Wisconsin	0.00	0.00	0.00	0.00	0.00	1.00	0.00	1.00
52	Wyoming	0.00	2.00	0.00	1.00	0.00	1.00	0.00	4.00
53	Totals	25.00	32.00	37.00	38.00	9.00	27.00	1.00	169.00

54									
55	Other Facts:								
56	Average GPA	3.20	3.24	3.09	3.35	3.09	3.24	4.00	3.32
57	Average SAT	1,060	1,080	1,090	1,210	1,010			1069
58	Average ACT	21	22	24	22				23

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University of Idaho

Status Report on Nonresident Tuition Waivers - 2004-05 (Data as of December 2004)

State	Nonresident Tuition Waivers by Discipline						Nonresident Tuition Waivers by Level of Student					
	Engr	Info Tech	Envir Tech	Prod Tech	Comp Sci	Total	Fresh	Soph	Jr	Sr	Grad	Total
Washington	18.111	5.370	8.799	10.448	10.741	53.469	4.623	9.623	14.352	24.871	0.000	53.469
Oregon	3.805	5.059	1.935	3.741	0.500	15.040	2.000	4.370	4.364	4.305	0.000	15.040
Montana	2.000	2.247	0.000	2.000	1.500	7.747	2.000	1.623	1.623	1.500	1.000	7.747
Nevada	0.623	1.000	0.623	0.000	1.000	3.247	0.000	0.000	0.623	2.623	0.000	3.247
Utah	0.000	0.000	1.000	0.000	0.000	1.000	0.000	1.000	0.000	0.000	0.000	1.000
California	2.494	1.247	6.299	2.994	2.870	15.904	1.247	2.182	6.176	5.799	0.500	15.904
Arizona	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Alaska	7.182	2.559	2.559	3.000	2.000	17.299	5.000	4.000	1.870	6.429	0.000	17.299
Other	32.338	13.426	36.009	10.179	12.000	103.951	7.741	11.173	19.043	41.395	24.600	103.951
Totals:	66.553	30.907	57.224	32.361	30.611	217.657	22.611	33.972	48.052	86.922	26.100	217.657

Other Facts:

Average HS GPA	3.84	3.36	3.75	3.80	3.45	3.64						
Average SAT	1356.70	1106.70	1257.50	1323.30	1282.50	1265.34						
Average ACT	27.50	24.00	26.60	31.00	25.50	26.92						
Average Trans. GPA	3.08	N/A	3.48	4.00	N/A	3.52						

Note: counts are by FTE waivers and totals have been rounded.

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Lewis-Clark State College

Status Report on Nonresident Tuition Waivers

(Effect of Proposed Policy Change to Increase Deserving Students Waiver by 2% of Student FTE)

2004/2005

1		Nonresident Tuition Waivers By Discipline							Nonresident Tuition Waivers By Level of Student (when 1st awarded)							
2		State	Chem.	Electronic Tech	Engineering Tech	Math w/ Comp Sc minor	Info Systems	Geology	Field Biology*	Total	Fresh	Soph	Jr	Sr	Post Bac	Total
3	Alaska								1	1			1			1
4	Arizona									0						0
5	California	1		1						2		1		1		2
6	Florida									0						0
7	Hawaii									0						0
8	Montana			1						1				1		1
9	New York									0						0
10	Oregon								1	1	1					1
11	Utah									0						0
12	WA (excluding AS Cty)	2	1		3					6	2	2	1	1		6
13	Asotin Cty, WA	2		1	5				1	9	2		4	3		9
14	International	5		6	7	1			1	20	9	5	1	5		20
15																
16	Total head count	10	1	9	15	1	0		4	40	14	8	7	11	0	40
17	Total FTE	6.57	0.95	6.07	9.21	0.53			2.77	26.10	8.95	5.65	4.78	6.72		26.10
18																
19	Other Facts:															
20	Average GPA									3.51						3.51
21	Average ACT									22.17						22.17
22	Average SAT									1,026						1,026
23																

Criteria Used to Offer Waivers:

1. Was originally awarded to students majoring in Technology, the Sciences and other areas with capacity.*
2. Beginning December 1999, waivers were only awarded to students planning to major in Mathematics with Computer Science Minor, Chemistry, Geology, Information Systems Analysis, Electronic Communications and Drafting.
3. Priority consideration given to high achieving students with at least a 3.2 gpa.
4. Targeting rural students from high schools in states such as Oregon, Washington, Montana and Alaska.
5. High achieving multicultural students, some of which are from urban schools.
6. Transfer students as well as new freshmen.
7. International students.
8. Enrollment of more out-of-state students, such as int'l students, will leverage more fiscal resources, which will result in additional revenue to serve all students.
9. Beginning with the 2002/2003 academic year, waivers were awarded to students planning to major in Mathematics with Computer Science Minor, Chemistry, Computer Science, Pre-Engineering, Information Systems Analysis, and Engineering Technology.
10. Beginning with the 2002/2003 academic year, waivers were awarded to applicants from Asotin County, Washington.

Some students received partial and some received full waivers, some were nonresidents and some from Asotin County for a total of \$211,190.

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REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: T.Fee Waivers

April 2002

2. Waiver of Nonresident Tuition

Nonresident tuition may be waived for the following categories:

a. Graduate/Instructional Assistants

Waivers are authorized for graduate assistants appointed pursuant to Section III, Subsection P.11.c.

b. Intercollegiate Athletics

For the purpose of improving competitiveness in intercollegiate athletics, the universities are authorized up to two hundred twenty-five 225 waivers per semester and, Lewis-Clark State College is authorized up to seventy 70 waivers per semester. The institutions are authorized to grant additional waivers, not to exceed ten percent (10%) of the above waivers, to be used exclusively for post-eligibility students.

c. Disadvantaged or Deserving Students

(1) The chief executive officer of each institution is authorized to waive nonresident tuition for disadvantaged or deserving students not to exceed one percent (1%) of the institution's full-time equivalent enrollment.

(2) In addition, in order to meet the workforce demands in the fields of engineering, information technology, and related high technology disciplines, the chief executive officer of each institution is authorized to waive nonresident tuition for students enrolled in these areas (if space is available) not to exceed two percent (2%) of the institution's full-time equivalent enrollment. Students eligible to receive the waiver must select engineering, information technology, or related high technology disciplines as their primary field of study. Information technology encompasses scientific and mathematical study of design and building computers and their applications; design and development of operational electronic data storage and processing systems; study and development of electronic systems for transmitting information via networks; analysis and the development of economic and public policy issues; and applying methods and procedures used in the design and writing of computer programs including the problem solving of information network systems.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2004

Any changes to the existing Board approved list of primary fields of study must be submitted to the Board for their approval.

The institutions will provide an annual report to the Board on the use of these waivers in a format determined by the executive director of the Board.

- d. Reciprocity with the State of Washington
Based on a limit approved by the Board, waivers may be allocated on an annual basis by the executive director to the college and universities in postsecondary education programs for Washington residents. An equal number of opportunities shall be afforded to Idaho residents in Washington postsecondary institutions.
- e. Reciprocity with Utah State University
Based on a limit approved by the Board, Idaho State University is authorized to waive nonresident tuition for residents of the state of Utah when an equal amount of waivers are made available to Idaho residents at Utah State University.
- f. College of Mines
Based on a limit approved by the Board, the College of Mines at the University of Idaho is authorized waivers to encourage enrollment in mining, metallurgy, and geology.
- g. Reciprocity with the State of Oregon
Based on a limit approved by the Board, waivers are authorized for undergraduate students who are residents of the state of Oregon and who are majoring in mining engineering, metallurgical engineering, or geological engineering at the University of Idaho. The number of waivers to be awarded annually shall be limited by the number of waivers provided to Idaho residents in Oregon institutions of higher education.
- h. Domestic Student Exchange Program
Waivers are authorized for nonresident students participating in this program.
- i. Western Interstate Commission for Higher Education
Waivers are authorized for nonresident students participating in the Western Interstate Commission for Higher Education Professional Student Exchange Program and the Graduate Student Exchange Program.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

SUBJECT

FY 2006 College and University Allocation

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND

The legislature appropriates to the State Board of Education and the Board of Regents monies for the general education programs at BSU, ISU, LCSC, UI, and system-wide needs. The Board allocates the lump-sum appropriation to the four institutions based on legislative intent and Board Policy, Section V.S.

DISCUSSION

According to Board policy, the allocation is made in the following order: 1) each institution shall be allocated its prior year base; 2) funds for the Enrollment Workload Adjustment; 3) funds for new occupancy costs; 4) funding of special allocations; and 5) a general allocation based on proportionate share to total budget request.

IMPACT

This action allocates the FY 2006 College and Universities' lump-sum appropriation to the institutions for general education program and system-wide needs. The funds allocated along with revenue generated from potential fee increase will establish the operating budgets for the general education program for FY 2006. The FY 2006 Allocation, shown on page 7, consists of the lump-sum appropriation, SB1187, and the 27th Payroll appropriation, SB1230. The employee compensation appropriation, HB395, was passed contingent upon the General Fund revenue balance at June 30, 2005, and therefore isn't allocated at this time.

STAFF COMMENTS

The legislature has directed the Board to complete the funding equity process that has been under discussion for several years. The President's Council and Financial Vice-President's group have been actively discussing this topic and will develop a plan for submission to the Board for its consideration.

At the time the agenda was developed, the Governor had signed the main appropriation bill for the college and universities and the 27th Payroll appropriation had passed both houses, and was pending signature. The lump-sum appropriation bill, SB1187, is presented on pages 2-5, the portion of the 27th Payroll appropriation, SB1230, showing the College and Universities amount of \$4,247,900 is shown on page 6, and a recommended allocation is presented on page 7.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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BOARD ACTION

A motion to approve the allocation of the FY 2006 legislative appropriations contained in Senate Bills 1187 and 1230 for Boise State University, Idaho State University, University of Idaho, Lewis-Clark State College, and system-wide needs, as presented on Page 7.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

30 SECTION 2. SYSTEMWIDE PROGRAMS. Of the amount appropriated from the Gen-
31 eral Fund in Section 1 of this act, an amount not to exceed \$75,000 shall be
32 used by the Office of the State Board of Education for systemwide needs; an
33 amount not to exceed \$1,600,000 may be used for the mission and goals of the
34 Higher Education Research Council; an amount not to exceed \$1,750,000 may be
35 used for the competitive Idaho Technology Incentive Grant Program to foster
36 innovative learning approaches using technology, promote the Idaho Electronic
37 Campus and support Idaho's participation in the Western Governors' Association
38 Virtual University; an amount not to exceed \$500,000 may be used for teacher
39 preparation activities associated with Idaho's Comprehensive Literacy Act; and
40 an amount not to exceed \$1,300,000 may be used for the Governor's College and
41 University Excellence Initiative.

42 SECTION 3. FUNDING EQUITY. The Legislature agrees with the State Board of

2

1 Education that achieving funding equity among Idaho's four year institutions
2 of higher education is an important goal. The Legislature therefore directs
3 the State Board of Education to complete that process within existing and
4 future appropriations to achieve the base instructional equity and the science
5 and technology adjustment that form the basis of funding equity.

6 SECTION 4. FACULTY WORKLOAD AND PRODUCTIVITY. It is legislative intent to
7 develop a profile of our four four-year institutions to identify how many
8 credit hours per faculty member are spent in teaching, service and research.
9 The State Board of Education, in cooperation with the Division of Financial
10 Management and the Legislative Services Office, shall develop a standardized
11 system for reporting meaningful data about faculty member workload and produc-
12 tivity at the state's four four-year institutions of higher education. Such
13 reports shall include the number of faculty by classification, whether
14 tenured, tenure track or adjunct; the number of credit hours taught by faculty
15 member by department, the number of service hours and the number of research
16 hours by faculty member by department.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

17 SECTION 5. PERSONNEL TURNOVER. The State Board of Education shall con-
18 tinue to provide a standardized system for tracking and reporting meaningful
19 data about faculty, nonfaculty exempt, and classified staff turnover at the
20 state's institutions of higher education. These statistics shall be available
21 to the Division of Financial Management and the Legislative Services Office no
22 later than November 1 of each year.

23 SECTION 6. CARRYOVER AUTHORITY. There is hereby reappropriated to the
24 State Board of Education and the Board of Regents for the University of Idaho
25 for Boise State University, Idaho State University, the University of Idaho,
26 Lewis-Clark State College, and the Office of the State Board of Education, any
27 non-General Fund unexpended and unencumbered balances from fiscal year 2005,
28 to be used for nonrecurring expenditures for the period July 1, 2005, through
29 June 30, 2006.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

Statement of Purpose / Fiscal Impact

Statement of Purpose

RS14321

This bill is the FY 2006 appropriation for the College and Universities in the state of Idaho. Overall, the appropriation reflects a 2.5% increase in General Funds and a 2.6% increase in total funds. The bill provides for increases in personnel benefits, and in the non-standard adjustment category covers statewide cost allocation, an enrollment workload adjustment, and occupancy costs for three facilities. Also included is a one-time fund shift to cover the pooled endowment shortfall, which will not affect the overall funds available for higher education.

Fiscal Note

	FTP	Gen	Ded	Fed	Total
FY 2005 Original Appropriation	3,631.55	223,366,200	117,928,300	0	341,294,500
Reappropriations	0.00	51,800	37,058,600	0	37,110,400
HB 805 One-time 1% Salary Increase	0.00	1,689,800	592,300	0	2,282,100
College and Universities					
1. Occupancy Costs	3.25	548,100	0	0	548,100
2. Endowment Reallocation	0.00	0	0	0	0
Other Approp Adjustments	0.00	0	0	0	0
FY 2005 Total Appropriation	3,634.80	225,655,900	155,579,200	0	381,235,100
Non-Cognizable Funds and Transfers	27.50	0	3,752,000	0	3,752,000
Budgeted Reversion	0.00	(652,000)	0	0	(652,000)
FY 2005 Estimated Expenditures	3,662.30	225,003,900	159,331,200	0	384,335,100
Removal of One-Time Expenditures	0.00	(1,741,600)	(37,650,900)	0	(39,392,500)
Base Adjustments	0.00	652,000	(1,455,600)	0	(803,600)
FY 2006 Base	3,662.30	223,914,300	120,224,700	0	344,139,000
Benefit Costs	0.00	2,355,500	0	0	2,355,500
Inflationary Adjustments	0.00	0	0	0	0
Nonstandard Adjustments	10.25	3,619,000	0	0	3,619,000
Change in Employee Compensation	0.00	0	0	0	0
27th Payroll	0.00	0	0	0	0
Fund Shifts	0.00	(954,700)	954,700	0	0
FY 2006 Program Maintenance	3,672.55	228,934,100	121,179,400	0	350,113,500
Enhancements					
College and Universities					
1. Unfunded Enrollment Workload Adj.	0.00	0	0	0	0
2. Funding Equity	0.00	0	0	0	0
Lump Sum or Other Adjustments	0.00	0	0	0	0
FY 2006 Total	3,672.55	228,934,100	121,179,400	0	350,113,500
Chg from FY 2005 Orig Approp	41.00	5,567,900	3,251,100	0	8,819,000
% Chg from FY 2005 Orig Approp.	1.1%	2.5%	2.8%		2.6%

BAHR – SECTION II

COLLEGE & UNIVERSITIES

Potential Allocation of FY2006 Appropriation

1	Appropriation:	FY05 Appr	FY06 Appr	% Chge	Sys Needs:	FY05 Appr	FY06 Appr
2	General Educ Approp				HERC	1,440,000	1,440,000
3	General Account	225,003,900	228,934,100	1.75%	Tech Grants	1,575,000	1,575,000
4	Endowment Funds	10,093,500	9,519,600	-5.69%	Sys Nds	75,000	75,000
5	One-time Funding: 27th Payroll						
6	General Account	0	4,247,900		Total	3,090,000	3,090,000
7	Dedicated Funds	0	0				
8	Total Gen Acct & Endow Funds	235,097,400	242,701,600	3.23%			
9	Student Fees/Misc Revenue	112,179,100	111,659,800	-0.46%			
	One-time Student Fees:						
10	Total Ongoing Gen Educ Approp	347,276,500	354,361,400	2.04%			
11							
12							
13	Allocation:	B.S.U.	I.S.U.	U.I.	L.C.S.C.	SYS-WIDE	TOTAL
14	FY05 Gen Acct & Endow Funding	68,438,600	61,818,600	87,490,100	12,549,400	3,090,000	233,386,700
15	FY 2005 Supp. Occupancy	0	378,900	169,200	0	0	548,100
16	Base Reduction - Endow. Loss	(432,600)	(390,700)	(553,000)	(79,300)		(1,455,600)
17	FY06 Budget Base	68,006,000	61,806,800	87,106,300	12,470,100	3,090,000	232,479,200
18	% Base Reduction	-0.63%	-0.63%	-0.63%	-0.63%	0.00%	-0.62%
19	Additional Funding for FY06:						
20	MCO Adjustments:						
21	Personnel Benefits	570,700	630,200	1,011,200	143,400		2,355,500
22	CEC @ 1% (see note below)	0	0	0	0		0
23	Nonstandard Adjustments:						
24	Risk Mgmt/Controller/Treasurer	22,500	39,900	75,400	(89,800)		48,000
25	External Nonstandard Adjustments:						
26	Enrollment Workload Adjustment	1,179,200	556,500	865,600	144,500		2,745,800
27	27th Payroll (One-Time) (see note)	1,228,000	1,140,800	1,598,700	280,400		4,247,900
28	New Occupancy Costs	0	378,900	205,800	240,500		825,200
29	External Nonstandard Adjustments	0	0	0	0		0
30	Fund Shift: Endowment Loss	0	0	0	0		0
31	Total Addl Funding	3,000,400	2,746,300	3,756,700	719,000	0	10,222,400
32	FY06 Gen Acct & Endow Allocation	71,006,400	64,553,100	90,863,000	13,189,100	3,090,000	242,701,600
33	% Change From FY05 Funding	3.75%	4.42%	3.86%	5.10%	0.00%	3.99%
34	% Chge From FY05 Fdg less One-time Fds	1.96%	2.58%	2.03%	2.86%	0.00%	2.17%
35							
36	FY06 Est Std Fee Revenue	39,031,500	29,526,500	36,585,000	6,516,800	0	111,659,800
37	FY06 Oper Bdgt	110,037,900	94,079,600	127,448,000	19,705,900	3,090,000	354,361,400

Note: Not included in CU regular appropriation bill (# not yet assigned)

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 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)

1. Objectives

- a. The funding process should offer maximum institutional flexibility to allocate funds internally to carry out roles and missions established by the Board.
- b. The funding process should be a straightforward approach that can be used by the Board to express system-wide priorities.
- c. There should be a clear and understandable relationship between institutional needs, the system-wide funding request, the legislative appropriations, the allocation of funds, and the ultimate use of the funds.
- d. The funding process should not penalize institutions as the result of decisions related to the internal allocation of resources by other institutions.
- e. Any incentives that the Board uses in the funding process should be explicit.
- f. The funding process should be applied consistently from year-to-year so that there can be some level of predictability in the allocation as well as increased confidence in the outcome.
- g. The funding process should encourage cooperative programs among institutions.
- h. The funding process should be compatible with the Statewide Plan for Higher Education.

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.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

- (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.
- (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
Graduate	3.50	3.50	6.00	6.50
Law	2.60	--	--	--

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>	<u>Idaho State University</u>
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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

Business Social Science (includes Economics) Public Affairs Performing Arts (excluding Art) Education Engineering	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
APRIL 21-22, 2005

SUBJECT

Allocation of FY 2006 General Fund Appropriation

APPLICABLE STATUTE, RULE, OR POLICY

SB 1181 (2005)

BACKGROUND

The legislature appropriates General Funds to the State Board of Education for Community College support. An informal agreement between the presidents of the two colleges, in place for many years, has resulted in the allocation of state General Funds equally (50%/50%) between the College of Southern Idaho and North Idaho College.

DISCUSSION

For fiscal year 2006, the legislature added intent language in the appropriation bill (SB1181), as shown on Pages 7-8, requiring the Board to develop an allocation formula which will be used to distribute appropriated General Funds to North Idaho College and the College of Southern Idaho. Allocation factors may be based on each institution's enrollment growth, academic structure, personnel and infrastructure needs, or other factors the State Board of Education deems appropriate.

IMPACT

Board staff and representatives from the two community colleges have developed a method to allocate the fiscal year 2006 appropriation. The method allocates the new FY 2006 General Funds based upon the Maintenance of Current Operations items requested as a proportion of the amount actually funded per MCO item. This results in a shift of \$163,450 from North Idaho College to the College of Southern Idaho, or a .80% change in allocation.

STAFF COMMENTS

Attached is a letter signed by the presidents of the two community colleges agreeing to an allocation plan for FY 2006, and requesting permission to conduct a more comprehensive analysis of the factors identified in SB1181 (see Attachment 1). These discussions will occur in concert with Board staff.

The allocation plan agreed to by the presidents is acceptable to Board staff for FY 2006. For fiscal year 2007, Board staff, after consultation with leadership of the two community colleges, will develop an allocation formula based on factors outlined in the intent language contained in the FY 2006 appropriation bill.

Staff recommends approval of the FY 2006 allocation for Community Colleges as shown on Attachment 2, page 5, line 18.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

BOARD ACTION

A motion to approve the FY 2006 allocation of general funds for community college support as follows: \$10,425,300 to the College of Southern Idaho and \$10,098,600 to North Idaho College as shown on Page 5, line 18.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

April 4, 2005

Jeff Shinn
Chief Fiscal Officer
Idaho State Board of Education
650 West State Street
Len B. Jordan Building - Room 307
P.O. Box 83720
Boise, Idaho 83720-0037

Dear Jeff,

We are in agreement that Section 2 of Senate Bill 1181, as printed below, is very clear in that we need to develop a formalized allocation process for state appropriated funds for community colleges.

SECTION 2. It is legislative intent that the State Board of Education develop an allocation formula which will be used to distribute the General Funds appropriated each year to North Idaho College and the College of Southern Idaho. Allocation factors may be based on each institution's enrollment growth, academic structure, personnel and infrastructure needs, or other factors the State Board of Education deems appropriate. The moneys appropriated in Section 1 of this act shall be allocated accordingly.

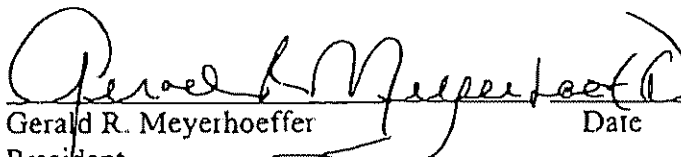
In order to comply with the legislative intent of Senate Bill 1181, the Presidents of the College of Southern Idaho and North Idaho College have agreed to a new split of the Fy 2006 Community College Appropriation. The split utilizes the Fy 2006 base budget for each institution and allocates new Fy 2006 funds based upon MCO items requested as a proportion of the amount actually funded per MCO item. The attached spreadsheet shows the actual distributions.

It is the intent of both community colleges to meet and work together over the next nine months to develop a formula for the distribution of state appropriated funds that will be clearly understood, based upon verifiable data and fair to both constituencies. The development of the formula will bring up operational as well as fiscal issues concerning both colleges. These issues need to be fully investigated and clearly understood.

Both colleges are currently facing rapidly approaching dead lines for the issuance of employee contracts for next year. With nearly 80% of our funds going to personnel costs, it is critical that we know our funding for Fy 2006 as soon as possible.


We are asking the Idaho State Board of Education to approve the agreed upon FY 2006 split of the new funds which result in an appropriation of \$10,425,300 for the College of Southern Idaho (50.8%) and \$10,098,600 for North Idaho College (49.2%). We are also asking approval for a nine month extension (January 31, 2006) to work out a funding formula for state appropriated funds for future years.

Agreement to this proposal is evidenced by the signatures below:


Gerald R. Meyerhoeffer
President
College of Southern Idaho

Date

4-8-05


Dr. Michael L. Burke
President
North Idaho College

Date

4-7-05

**OFFICE OF THE STATE BOARD OF EDUCATION
COLLEGE OF SOUTHERN IDAHO AND NORTH IDAHO COLLEGE
PROPOSED FY 2006 APPROPRIATION SPLIT
APRIL 4, 2005**

LN#	DU#	DECISION UNIT DESCRIPTION	CSI REQUEST GENERAL ACCOUNT	NIC REQUEST GENERAL ACCOUNT	NIC & CSI REQUEST TOTALS	TOTAL APPROP. SB 1181	PROPOSED CSI	PROPOSED NIC
1	9.0	FY 2006 BUDGET BASE	9,877,700	9,877,700	19,755,400	19,755,400	9,877,700	9,877,700
2								
3	10.0	MCO REQUESTS						
4	10.11	INCREASED COST OF BENEFITS	93,200	134,800	228,000	178,500	73,000	105,500
5	10.21	O.E. & C.O. INFLATION INCREASE	29,600	21,400	51,000	0	0	0
6	10.31	ON GOING CAPITAL OUTLAY	0		0	0	0	0
7	10.45	PROPERTY INSURANCE	0	3,300	3,300	0	0	0
8	10.61	CEC & MERIT INCREASES - 1%	58,100	68,500	126,600	0	0	0
9	10.62	CEC & MERIT INCREASES - 1%	9,200	2,500	11,700	0	0	0
10	10.71	OCCUPANCY COST	0	0	0	0	0	0
11	10.72	ENROLLMENT WORKLOAD ADJ.	525,100	127,600	652,700	590,000	474,600	115,400
12	10.73	LIBRARY BOOKS & PERIODICALS	700	2,700	3,400	0	0	0
13	10.75	UTILITY INCREASES	1,300	15,100	16,400	0	0	0
14	10.91	FUND SHIFT	2,900	3,900	6,800	0	0	0
15								
16		TOTAL MCO INCREASE REQUEST	720,100	379,800	1,099,900	768,500	547,600	220,900
17								
18	11.00	FY 06 MCO BUDGET REQUEST	10,597,800	10,257,500	20,855,300	20,523,900	10,425,300	10,098,600
19								
20		% INCR - MCO REQUEST	7.29%	3.85%	5.57%	3.89%	5.54%	2.24%
21								
22								
		PERCENTAGE OF TOTAL APPROPRIATION					50.80%	49.20%

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

]]]]
Fifty-eighth Legislature

LEGISLATURE OF THE STATE OF IDAHO

]]]]
First Regular Session - 2005

IN THE SENATE
SENATE BILL NO. 1181
BY FINANCE COMMITTEE
1 AN ACT

2 APPROPRIATING MONEYS FOR COMMUNITY COLLEGE SUPPORT FOR FISCAL YEAR 2006;
AND

3 EXPRESSING LEGISLATIVE INTENT IN REGARD TO ALLOCATION OF GENERAL FUNDS.

4 Be It Enacted by the Legislature of the State of Idaho:

5 SECTION 1. There is hereby appropriated to the State Board of Education
6 for Community College Support the following amount to be expended according to
7 the designated expense class from the listed funds for the period July 1,
8 2005, through June 30, 2006:

9 FOR:

10 Trustee and Benefit Payments	\$20,823,900
---------------------------------	--------------

11 FROM:

12 General Fund	\$20,523,900
-----------------	--------------

13 Community College Fund	<u>300,000</u>
---------------------------	----------------

14 TOTAL	\$20,823,900
----------	--------------

15 SECTION 2. It is legislative intent that the State Board of Education
16 develop an allocation formula which will be used to distribute the General
17 Funds appropriated each year to North Idaho College and the College of South-
18 ern Idaho. Allocation factors may be based on each institution's enrollment
19 growth, academic structure, personnel and infrastructure needs, or other fac-
20 tors the State Board of Education deems appropriate. The moneys appropriated
21 in Section 1 of this act shall be allocated accordingly.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

Statement of Purpose / Fiscal Impact

Statement of Purpose

RS14316

This bill is the FY 2006 appropriation for the state's two community colleges, North Idaho College and College of Southern Idaho. The funding level continues basic services, with an enrollment workload adjustment, but provides no program expansions. Overall the General Fund increase is 3.9%.

Fiscal Note

	FTP	Gen	Ded	Fed	Total
FY 2005 Original Appropriation	0.00	19,755,400	300,000	0	20,055,400
HB 805 One-time 1% Salary Increase	0.00	130,100	2,100	0	132,200
FY 2005 Total Appropriation	0.00	19,885,500	302,100	0	20,187,600
Non-Cognizable Funds and Transfers	0.00	0	0	0	0
FY 2005 Estimated Expenditures	0.00	19,885,500	302,100	0	20,187,600
Removal of One-Time Expenditures	0.00	(130,100)	(2,100)	0	(132,200)
FY 2006 Base	0.00	19,755,400	300,000	0	20,055,400
Benefit Costs	0.00	178,500	0	0	178,500
Inflationary Adjustments	0.00	0	0	0	0
Nonstandard Adjustments	0.00	590,000	0	0	590,000
Change in Employee Compensation	0.00	0	0	0	0
Fund Shifts	0.00	0	0	0	0
FY 2006 Program Maintenance	0.00	20,523,900	300,000	0	20,823,900
Enhancements					
Community Colleges					
1. Unfunded Enrollment Workload Adj.	0.00	0	0	0	0
Lump Sum or Other Adjustments	0.00	0	0	0	0
FY 2006 Total	0.00	20,523,900	300,000	0	20,823,900
Chg from FY 2005 Orig Approp	0.00	768,500	0	0	768,500
% Chg from FY 2005 Orig Approp.		3.9%	0.0%		3.8%

Section 2 of the bill directs the State Board of Education to develop a General Fund allocation formula for the two schools. The long-time practice has simply been to split the funds 50/50, but the two institutions have simply outgrown that arrangement as an equitable allocation policy.

INSTITUTION/AGENCY AGENDA
DIVISION OF PROFESSIONAL-TECHNICAL EDUCATION

SUBJECT

Allocation of the FY 2006 Division of Professional-Technical Education Appropriation.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.C.d.

BACKGROUND

The Idaho Legislature appropriates funds for Professional-Technical Education to the Division of Professional-Technical Education in five designated programs: State Leadership and Technical Assistance, General programs, Postsecondary Programs, Underprepared and Unprepared Adults/Displaced Homemakers, and Career Information System. The Division of Professional-Technical Education requests approval of the allocation of the FY2006 appropriated funds EXHIBIT A.

DISCUSSION

The allocation is based on the level of funding in appropriation bill SB1235 Exhibit B, SB1230, Exhibit C and the provisions of the State Plan for Professional-Technical Education. The postsecondary allocation is based on the Annual Plan and Budget Request from the respective Technical Colleges. The State General Fund reflects an overall increase of 2.0%. The Legislature funded maintenance level increases for increased cost of benefits, 27th payroll, statewide cost allocation increases, library books and periodicals (EITC), increased utility costs (EITC), capacity building/workload adjustment, secondary workload adjustment and professional-technical schools. No enhancement requests were funded.

IMPACT

Allows the Division to establish its FY2006 operating budget.

STAFF COMMENTS AND RECOMMENDATIONS

Board approval is necessary to allow the Division of Professional-Technical Education to prepare its FY 2006 operating budget for submission at the June, 2005 meeting.

Staff has reviewed this proposed allocation and recommends approval.

BOARD ACTION

A motion to approve the request from the Division of Professional-Technical Education to allocate the FY 2006 appropriation as detailed in Exhibit A.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

DIVISION OF PROFESSIONAL-TECHNICAL EDUCATION

EXHIBIT A

Allocation of State Division of Professional-Technical Education

FY 2006 Appropriation

	FY05 Allocation	FY06 Allocation
Program 01 (State Leadership and Technical Assistance)		
By Standard Class:		
Personnel Costs	\$ 1,892,400	1,985,100
Operating Expenses	276,000	269,300
Capital Outlay	0	0
Totals	\$ 2,168,400	\$ 2,254,400
By Source of Revenue:		
General Funds	\$ 1,824,100	1,843,600
Federal Funds	344,300	355,900
Economic Recovery Reserve Fund	0	54,900
Totals	\$ 2,168,400	\$ 2,254,400
Program 02 (General Programs)		
By Major Program Area:		
Secondary Formula	\$ 10,168,081	10,375,511
Professional-Technical School Added Cost	1,566,200	1,660,700
General Programs Leadership	256,100	266,300
Special Programs		
Federal Leadership	688,667	695,885
Tech Prep	631,392	624,444
Adult/Retraining	987,140	760,240
Support and Improvement Services	1,426,520	1,455,620
Totals	\$ 15,724,100	\$ 15,838,700
By Source of Revenue		
General Funds	10,530,300	10,628,300
Federal Funds	5,125,000	5,134,200
Dedicated Funds	68,800	68,800
Economic Recovery Reserve Fund	0	7,400
Totals	\$ 15,724,100	\$ 15,838,700
Program 03 (Postsecondary Programs)		
By Technical College:		
Boise State University	\$ 6,514,695	6,817,789
College of Southern Idaho	5,251,935	5,502,607
Eastern Idaho Technical College	5,185,723	5,498,080
Idaho State University	9,252,256	9,648,809
Lewis-Clark State College	3,563,480	3,731,314
North Idaho College	3,706,411	3,910,301
Totals	\$ 33,474,500	\$ 35,108,900
By Source of Revenue:		
General Funds	\$ 33,102,600	33,675,700
Unrestricted Funds	371,900	434,100
Economic Recovery Reserve Fund	0	999,100
Totals	\$ 33,474,500	\$ 35,108,900

56	Allocation of State Division of Professional-Technical Education		
57	FY 2006 Appropriation		
58		FY05	FY06
59		Allocation	Allocation
60			
61	Program 04 (Underprepared Adults/Displaced Homemaker Program)		
62			
63	By Major Program:		
64	Postsecondary Formula	\$ 2,048,800	\$ 2,053,600
65	Displaced Homemaker Program	404,600	404,600
66			
67	Totals	\$ 2,453,400	\$ 2,458,200
68			
69	By Source of Revenue:		
70	General Funds	\$ 234,600	\$ 234,600
71	Federal Funds	2,048,800	2,053,600
72	Dedicated Funds	170,000	170,000
73	Totals	\$ 2,453,400	\$ 2,458,200
74			
75	Program 05 (Career Information System)		
76			
77	By Standard Class:		
78	Personnel Costs	\$ 0	\$ 511,000
79	Operating Expenses	0	183,900
80	Capital Outlay	0	0
81	Totals	\$ 0	\$ 694,900
82			
83	By Source of Revenue:		
84	General Funds	\$ 0	\$ 200,900
85	Federal Funds	0	122,400
86	Miscellaneous Revenue	0	362,800
87	Economic Recovery Reserve Fund	0	8,800
88	Totals	\$ 0	\$ 694,900
89			
90	By Source of Revenue:		
91	General Funds	\$ 45,691,600	46,583,100
92	Federal Funds	7,518,100	7,666,100
93	Dedicated Funds	238,800	238,800
94	Unrestricted Funds	371,900	434,100
95	Miscellaneous Revenue	0	362,800
96	Economic Recovery Reserve Fund	0	1,070,200
97	Totals	\$ 53,820,400	\$ 56,355,100
98			
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]]]]
Fifty-eighth Legislature

LEGISLATURE OF THE STATE OF IDAHO
First Regular Session - 2005

]]]]

IN THE SENATE

SENATE BILL NO 1235

BY FINANCE COMMITTEE

AN ACT

1
2 APPROPRIATING MONEYS FOR PROFESSIONAL-TECHNICAL EDUCATION FOR FISCAL YEAR
3 2006; REAPPROPRIATING ANY UNEXPENDED AND UNENCUMBERED BALANCES; SETTING
4 FORTH THE CONDITIONS FOR REAPPROPRIATION; EXPRESSING LEGISLATIVE INTENT
5 REGARDING RESOURCE SHARING; AND EXPRESSING LEGISLATIVE INTENT REGARDING
6 THE GOVERNANCE OF THE CAREER INFORMATION SYSTEM

7 Be It Enacted by the Legislature of the State of Idaho:

8 SECTION 1 There is hereby appropriated to the State Board for
9 Professional-Technical Education the following amounts to be expended by the
10 Division of Professional-Technical Education for the designated programs
11 according to the designated expense classes from the listed funds for the
12 period July 1, 2005, through June 30, 2006:

	FOR PERSONNEL COSTS	FOR OPERATING EXPENDITURES	TRUSTEE AND BENEFITS PAYMENTS	FOR LUMP SUM	TOTAL
17 I. STATE LEADERSHIP AND TECHNICAL ASSISTANCE:					
18 FROM:					
19 General					
20 Fund	\$ 1,602,100	\$ 241,500			\$ 1,843,600
21 Federal Grant					
22 Fund	<u>317,300</u>	<u>27,800</u>			<u>345,100</u>
23 TOTAL	\$ 1,919,400	\$ 269,300			\$ 2,188,700
24 II. GENERAL PROGRAMS:					
25 FROM:					
26 General					
27 Fund	\$ 221,100	\$ 37,800	\$ 10,369,400		\$ 10,628,300
28 Hazardous Materials/ 29 Waste Enforcement					
30 Fund			68,800		68,800
31 Federal Grant					
32 Fund	<u>160,900</u>	<u>13,500</u>	<u>4,954,200</u>		<u>5,128,600</u>
33 TOTAL	\$ 382,000	\$ 51,300	\$ 15,392,400		\$ 15,825,700
34 III. POSTSECONDARY PROGRAMS:					
35 FROM:					
36 General					
37 Fund				\$ 33,675,700	\$ 33,675,700
38 Unrestricted Current					
39 Fund				<u>434,100</u>	<u>434,100</u>
40 TOTAL				\$ 34,109,800	\$ 34,109,800
41 IV. UNDERPREPARED ADULTS/DISPLACED HOME MAKERS:					
42 FROM:					
43 General					
44 Fund			\$ 234,600		\$ 234,600
45 Displaced Homemaker					
46 Fund			170,000		170,000
47 Federal Grant					
48 Fund			<u>2,053,600</u>		<u>2,053,600</u>
49 TOTAL			\$ 2,458,200		\$ 2,458,200

	FOR PERSONNEL COSTS	FOR OPERATING EXPENDITURES	TRUSTEE AND BENEFITS PAYMENTS	FOR LUMP SUM	TOTAL
V CAREER INFORMATION SYSTEM:					
FROM:					
General					
Fund	\$ 175,200	\$ 25,700			\$ 200,900
Miscellaneous					
Revenue					
Fund	236,400	118,600			355,000
Federal Grant					
Fund	<u>82,800</u>	<u>39,600</u>			<u>122,400</u>
TOTAL	\$ 494,400	\$ 183,900			\$ 678,300
GRAND					
TOTAL	\$ 2,795,800	\$ 504,500	\$ 17,850,600	\$ 34,109,800	\$ 55,260,700

SECTION 2 There is hereby reappropriated to the State Board for Professional-Technical Education for the Division of Professional-Technical Education, subject to the provisions of Section 3 of this act, the unexpended and unencumbered balance of any appropriation contained in Section 1, Chapter 142, Laws of 2004, to be used for nonrecurring expenditures, for the period July 1, 2005, through June 30, 2006

SECTION 3 The reappropriation for the General Fund moneys granted in Section 2 of this act shall be subject to the following provisions:

(1) If the unexpended and unencumbered balance in the General Fund on June 30, 2005, is zero, the reappropriation for the General Fund moneys in Section 2 is hereby declared to be null and void

(2) If the unexpended and unencumbered balance in the General Fund on June 30, 2005, is greater than zero but less than the total General Fund reappropriation authority granted to all state agencies, that amount reappropriated in Section 2 of this act shall be in the proportion that the reappropriation for the State Board of Education bears to the total General Fund reappropriation authority granted to all state agencies

SECTION 4 The Legislature reaffirms that the Division of Professional-Technical Education and the Office of the State Board of Education each play unique and vital roles in the state's educational system. The Legislature authorizes these agencies to share administrative resources only to the extent necessary to achieve readily obtainable administrative efficiencies. The shared resources authorized in this section shall be narrowly defined as human resources, information technology, reception and the fiscal activities of accounts payable, payroll processing and financial statement preparation. Each division administrator shall retain management decision-making autonomy over their respective divisions. The employees of the Division of Professional-Technical Education shall not be considered or used as adjunct staff by the Office of the State Board of Education. Under no circumstances shall this arrangement impair the individual ability of these agencies to fulfill their individual missions. This authorization is automatically withdrawn to the extent it is found to be inconsistent with laws or regulations pertaining to the use of federal or dedicated funds. The Legislature shall review this authorization each year and reserves its prerogative to withdraw it at any time

SECTION 5 It is legislative intent that the Career Information System retain its current governing structure under the Idaho State Occupational Information Coordinating Committee, as defined in Executive Order Number 2002-02

1	SENATE BILL NO. 1230 - Approp, salaries, 27th payroll - Page 3 of 21		EXHIBIT C
2	TOTAL		
3	FROM:		
4	Economic Recovery Reserve Fund	\$ 2,700	
5	Unrestricted Current Fund	<u>1,500</u>	
6	SUBTOTAL	\$ 4,200	
7	IV FAMILY PRACTICE RESIDENCIES:		
8	FROM:		
9	Economic Recovery Reserve Fund	\$ 15,500	
10	TOTAL		\$ 54,300
11	(6) STATE BOARD OF EDUCATION		
12	IDAHO STATE HISTORICAL SOCIETY		
13	I HISTORIC PRESERVATION AND EDUCATION:		
14	FROM:		
15	Economic Recovery Reserve Fund	\$ 43,600	
16	Miscellaneous Revenue Fund	<u>4,700</u>	
17	Federal Grant Fund	<u>26,800</u>	
18	SUBTOTAL	\$ 75,100	
19	II HISTORIC SITE MAINTENANCE AND INTERPRETATION:		
20	FROM:		
21	Economic Recovery Reserve Fund	\$ 5,400	
22	Miscellaneous Revenue Fund	<u>6,400</u>	
23	SUBTOTAL	\$ 11,800	
24	TOTAL		\$ 86,900
25	(7) STATE BOARD OF EDUCATION		
26	IDAHO STATE LIBRARY:		
27	FROM:		
28	Economic Recovery Reserve Fund	\$ 59,300	
29	Federal Grant Fund	<u>8,100</u>	
30	TOTAL		\$ 67,400
31	(8) STATE BOARD OF EDUCATION		
32	DIVISION OF PROFESSIONAL-TECHNICAL EDUCATION		
33	I STATE LEADERSHIP AND TECHNICAL ASSISTANCE:		
34	FROM:		
35	Economic Recovery Reserve Fund	\$ 54,900	
36	Federal Grant Fund	<u>10,800</u>	
37	SUBTOTAL	\$ 65,700	
38	II GENERAL PROGRAMS:		
39	FROM:		
40	Economic Recovery Reserve Fund	\$ 7,400	
41	Federal Grant Fund	<u>5,600</u>	
42	SUBTOTAL	\$ 13,000	
43	III POSTSECONDARY PROGRAMS:		
44	FROM:		
45	Economic Recovery Reserve Fund	\$ 999,100	
46	IV CAREER INFORMATION SYSTEM:		
47	FROM:		
48	Economic Recovery Reserve Fund	\$ 8,800	
49	Miscellaneous Revenue Fund	<u>7,800</u>	
50	SUBTOTAL	\$ 16,600	
51	TOTAL		\$ 1,094,400
52	(9) STATE BOARD OF EDUCATION		
53	EDUCATIONAL PUBLIC BROADCASTING SYSTEM:		
54	FROM:		
	Economic Recovery Reserve Fund	\$ 25,600	
	Miscellaneous Revenue Fund	<u>32,900</u>	

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

SUBJECT

Idaho Promise Scholarship – Approve Category B Award.

APPLICABLE STATUTE, RULE, OR POLICY

IDAPA 08.01.05.102.01

Sections 33-4305 and 4308, Idaho Code

BACKGROUND

The Idaho Promise Scholarship Category B award is for all Idaho students attending college for the first time and who have a high school grade point average of at least 3.0 or an ACT score of 20 or above. This scholarship is limited to two years and to students younger than 22 years of age. Students must maintain at least a 2.5 GPA while taking an average of 12 credits to remain eligible for the scholarship. State law requires the State Board of Education to annually set the amount of the award based on the legislative appropriation and the number of eligible students.

DISCUSSION

In addition to Board action regarding scholarship approval (below), a related situation may occur. During the 2004 session, the Idaho Legislature enacted permissive legislation that allows the State Board of Education to increase the annual individual amount up to \$600 and the total award up to \$1,200. If actual awards are lower than projected, the Board may choose to increase the amount of the award for the Spring 2006 semester.

The legislative appropriation for the Promise Category B Scholarship for FY06 is \$4,446,700. Idaho's colleges and universities have estimated the number of eligible freshman in the academic year 2005-06 to be approximately 8,890 students. With the award set at \$500 per student per year, the total amount awarded to all eligible students would be \$4,450,000. This leaves \$1,700 remaining.

If additional funds become available in the fall semester, staff will recommend an increase in the award amount for the spring 2006 semester (at October, 2005 Board Meeting)

IMPACT

Provides a merit-based scholarship to Idaho high school students in an attempt to motivate students to excel in high school and attend an Idaho college. Estimated number of students receiving scholarships is 8890.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval of the Promise Category B scholarship in the amount of \$250 per semester (\$500 annually).

BUSINESS AFFAIRS AND HUMAN RESOURCES
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BOARD ACTION

A motion to approve the amount of the Idaho Promise Scholarship, Category B, to be \$250 per semester per student (\$500 annually) for those current recipients who maintain eligibility and for qualified first year entering students under the age of 22 in the academic year 2005-06.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

REFERENCE - APPLICABLE STATUTE, RULE OR POLICY

ADMINISTRATIVE RULES

IDAPA 08.01.05.102.01

102. MONETARY VALUE OF THE SCHOLARSHIP.

01. Monetary Value. The monetary value of each scholarship shall be set annually by the Board in accordance with Sections 33-4307(3) et seq., Idaho Code.(3-15-02)

02. Duration. The grant covers up to one (1) educational year or equivalent for attendance at an eligible postsecondary educational institution. . (3-15-02)

IDAHO STATUTES

Title 33, Sections 4305 and 4308

TITLE 33
EDUCATION
CHAPTER 43
SCHOLARSHIPS

33-4305. PURPOSES. The purpose of this act is:

(1) To establish a state scholarship program for the most talented Idaho secondary school graduates or the equivalent, consisting of category A students with outstanding academic qualifications and category B students with a cumulative grade point average for grades nine (9) through twelve (12) of 3.0 or better or achieving an ACT score of 20 or better or who become eligible after the student's first semester or who meet any other criteria as may be established by the state board of education and the board of regents of the university of Idaho, who will enroll in undergraduate nonreligious academic and professional-technical programs in eligible postsecondary institutions in the state; and

(2) To designate the state board of education and the board of regents of the university of Idaho as the administrative agency for the state scholarship program.

33-4308. MAXIMUM NUMBER OF GRANTS.

(1) The total number of grants to eligible category A students shall not exceed one hundred (100) per year, nor a cumulative total number of grants of four hundred (400) outstanding at any given time.

(2) The total number of grants to category B students will be determined annually by the state board of education and the board of regents of the university of Idaho based on the number of eligible students, the individual award amount and the availability of funds.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
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SUBJECT

Alteration and repair project information will be provided with the June agenda.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

SUBJECT

State Employee Compensation, FY 2006

APPLICABLE STATUTE, RULE, OR POLICY

HB395 (2005).

BACKGROUND

As part of FY 2006 funding for agencies and institutions, the Legislature provided a 1% Change in Employee Compensation (CEC) amount, contingent upon the fiscal year-end balance in the General Fund.

DISCUSSION

Normally, agencies and institutions are requested to provide CEC plans for approval by the Board. However, because the CEC funding is not certain (contingent as described above), preparation of these plans would be premature. The appropriation will become effective October 1, 2005, if the needed General Fund balance is reached.

However, because certain agencies and institutions may wish to provide some varying amount of one-time or permanent salary increases in FY 2006, funds permitting, and because HB395 may be actuated, Board approval should be sought and provided before any increases are granted. This would occur at the June 2005 meeting, and will be coordinated by Board staff.

Attached is the legislative intent and statement of purpose that accompanies HB395.

IMPACT

Salary increases, whether from HB 395 or from other agency/institutional funds, would be a positive statement to employees, recognizing their performance and the lack of increases in recent fiscal years.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends the President's Council and Agency Head's Council discuss this matter before the June Board meeting, after which Board staff will work with the Financial Vice-Presidents' and agency fiscal officers' groups to create a process for Board review and approval. This would be regardless of implementation of HB395.

BOARD ACTION

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

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

HB 395

Legislative Intent

SECTION 2. The Superintendent of Public Instruction shall distribute the
14 moneys appropriated to the Educational Support Program/Division of Operations
15 in Section 1 of this act in a like manner as equalized state discretionary
16 funds, with seventy-five percent (75%) of such funds being distributed by
17 August 31, and twenty-five percent (25%) in the final payment of the fiscal
18 year. Such funds shall be expended on the costs associated with providing a
19 one-time salary bonus to school district employees earning less than \$68,625
20 per year.

21 **SECTION 3.** This appropriation provides funding for a one percent (1%)
22 increase in personnel costs for salary increases provided to state employees
23 based upon performance as recommended in the Governor's report. The Governor's
24 report directs state agencies to manage their personnel cost budget to ensure
25 that salary increases are provided in a manner that best meets the needs of
26 their agency within the resources provided to them.

27 **SECTION 4.** Upon certification by the State Controller that the contin-
28 gency in Section 1 has been met, the effective date of implementation of sal-
29 ary increases for state agency employees and state institution employees shall
30 be the first pay date in October, 2005.

Statement of Purpose / Fiscal Impact

This appropriation provides funding for a 1% increase in personnel costs for salary increases based upon performance as recommended in the Governor's Change in Employee Compensation (CEC) report. This legislation also includes employees of the Public Schools in this 1% increase, although the actual amount of increase received by employees will be decided by each local school district. Funding for this legislation is contingent upon the unexpended and unencumbered balance of the General Fund on June 30, 2005 exceeding \$124,000,000.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

SUBJECT

FY 2006 Appropriation Information – State Board of Education Institutions and Agencies

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND

The 2005 legislative session resulted in appropriation bills for the agencies and institutions of the Board. As with any year, appropriations are not the same amount as the Executive Recommendation or request, but in the current economic situation, legislative budget writers provided support for education and other state responsibilities.

The table on the next page lists the FY 2006 appropriations of interest to institutions and agencies of the State Board of Education. At the time of agenda preparation, most of the bills had either been signed by the governor or had passed both houses and were awaiting the Governor's signature.

DISCUSSION

The appropriations listed in the table provide information for those institutions and agencies of interest to the Board.

IMPACT

Appropriation bills provide spending authority for the agencies and institutions of the State Board of Education in FY 2006, allowing them to offer programs and services to Idaho's citizens.

STAFF COMMENTS

The information provided will be published on the State Board of Education web page. The bill numbers are shown as hyperlinks, which will take the internet user directly to the bill on the legislature's web site.

BOARD ACTION

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

BUSINESS AFFAIRS AND HUMAN RESOURCES
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Office of the State Board of Education
FY 2006 Appropriations of Interest to Institutions and Agencies

	General Fund	Total Fund	Bill #
<u>College and Universities</u>			
College and Universities, General Education	\$228,934,100	\$350,113,500	<u>SB1187</u>
College and Universities, FY 2005 additional	548,100	548,100	<u>HB262</u>
Agricultural Research & Extension	24,993,900	29,911,400	<u>SB1213</u>
Community College support	20,523,900	20,823,900	<u>SB1181</u>
Medical education programs	8,380,300	8,823,300	<u>HB340</u>
Special programs	9,759,000	10,199,000	<u>HB304</u>
<u>Agencies</u>			
Office of the State Board of Education	4,584,900	11,656,700	<u>SB1234</u>
Office of the State Board of Education, FY 2005 additional	755,700	755,700	<u>SB1162</u>
Professional-Technical Education	46,583,100	55,260,700	<u>SB1235</u>
Idaho School for Deaf and Blind	7,663,900	7,875,600	<u>SB1210</u>
Public Broadcasting System	1,586,800	2,985,400	<u>HB352</u>
State Library Board	2,594,700	4,144,600	<u>HB353</u>
Historical Society	2,200,000	4,335,500	<u>SB1233</u>
Vocational Rehabilitation Division	7,722,600	22,287,400	<u>SB1229</u>
State Department of Education	5,249,300	16,725,400	<u>SB1232</u>
<u>Public School Support</u>			
Division of Facilities	0	13,450,000	<u>SB1225</u>
Division of Operations	250,479,500	283,113,100	<u>SB1223</u>
Division of Teachers	645,725,200	699,978,600	<u>SB1222</u>
Division of Administrators	75,195,300	76,845,500	<u>SB1221</u>
Division of Children's Programs	15,710,000	123,955,600	<u>SB1224</u>
<u>Statewide Issues</u>			
27 th payroll (from dedicated funds)	0	29,607,600	<u>SB1230</u>
Employee Compensation, 1% (CEC)	14,072,800	17,352,800	<u>HB395</u>

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 21-22, 2005

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

1. Budget Requests

For purposes of Item 1., the community colleges (CSI and NIC), the State Historical Society, and the State Library are included.

a. Submission of Budget Requests

The Board is responsible for submission of budget request for the institutions, school and agencies under its governance to the executive and legislative branches of government. Only those budget requests which have been formally approved by the Board will be submitted by the office to the executive and legislative branches.

b. Direction by the Office of the State Board of Education

The preparation of all annual budget requests is to be directed by the Office of the State Board of Education which designates forms to be used in the process. The procedures for the preparation and submission of budget requests apply to operational and capital improvements budgets.

c. Preparation and Submission of Annual Budget Requests

Annual budget requests to be submitted to the Board by the institutions, school and agencies under Board governance are due in the Office of the State Board of Education on the date established by the executive director.

d. Presentation to the Board

Annual budget requests are formally presented to the designated committee by the chief executive officer of each institution, school or agency or his or her designee. The designated committee will review the requests and provide recommendations to the Board for their action.

BUSINESS AFFAIRS AND HUMAN RESOURCES

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2. Budget Requests and Expenditure Authority

- a. Budget requests must include projected miscellaneous receipts based on the enrollment of the fiscal year just completed (e.g., the FY 2003 budget request, prepared in the summer of 2001, projected miscellaneous receipts revenue based on academic year 2001 enrollments which ended with the Spring 2001 semester).
- b. Approval by the executive director, or his or her designee, as authorized, for all increases and decreases of spending authority caused by changes in miscellaneous receipts is required.
- c. Miscellaneous receipts collected by an institution will not be allocated to another institution. The lump sum appropriation will not be affected by changes in receipts.

3. Operating Budgets (Appropriated)

Availability of Appropriated Funds

- (1) Funds appropriated by the legislature from the State General Account for the operation of the institutions, school and agencies (exclusive of funds for construction appropriated to the Permanent Building Fund) become available at the beginning of the fiscal year following the session of the legislature during which the funds are appropriated, except when appropriation legislation contains an emergency clause.
- (2) These funds are generally allotted periodically or are disbursed on submission of expenditure vouchers to the Office of the State Controller.

b. Approval of Operating Budgets

- (1) The appropriated funds operating budgets for the institutions, school and agencies under Board supervision are based on a fiscal year, beginning July 1 and ending on June 30 of the following year.
- (2) During the spring of each year, the chief executive officer of each institution, school or agency prepares an operating budget for the next fiscal year based upon guidelines adopted by the Board. Each budget is then submitted to the Board in a summary format prescribed by the executive director for review and formal approval before the beginning of the fiscal year.

c. Budget Transfers and Revisions

(1) Chief Executive Officer Approval

The chief executive officer of each institution, agency, school, office, or department is responsible for approving all budget transfers.

(2) Allotment and Allotment Transfers

Requests for allotments or changes in allotments are submitted by the institution, school or agency to the Division of Financial Management and copies provided concurrently to the Office of the State Board of Education. (Refer to allotment form in the Fiscal Reference Manual of the Division of Financial Management.) The Office of the State Board of Education will coordinate the request for allotments and changes to allotments for the college and universities.

4. Operating Budgets (Nonappropriated -- Auxiliary Enterprises)

a. Auxiliary Enterprises Defined

An auxiliary enterprise directly or indirectly provides a service to students, faculty, or staff and charges a fee related to but not necessarily equal to the cost of services. The distinguishing characteristic of most auxiliary enterprises is that they are managed essentially as self-supporting activities, whose services are provided primarily to individuals in the institutional community rather than to departments of the institution, although a portion of student fees or other support is sometimes allocated to them. Auxiliary enterprises should contribute and relate directly to the mission, goals, and objectives of the college or university. Intercollegiate athletics and student health services should be included in the category of auxiliary enterprises if the activities are essentially self-supporting.

All operating costs, including personnel, utilities, maintenance, etc., for auxiliary enterprises are to be paid out of income from fees, charges, and sales of goods or services. No state appropriated funds may be allocated to cover any portion of the operating costs. However, rental charges for uses of the facilities or services provided by auxiliary enterprises may be assessed to departments or programs supported by state-appropriated funds.

b. Operating Budgets

(1) Reports of revenues and expenditures must be submitted to the State Board of Education at the request of the Board.

(2) All proposed expenditures from accumulated operating reserves in excess of \$50,000 must be reported to the Board at the next scheduled meeting.

5. Operating Budgets (Nonappropriated -- Local Service Operations)

a. Local Service Operations Defined

Local service operations provide a specific type of service to various institutional entities and are supported by charges for such services to the user. Such a service might be purchased from commercial sources, but for reasons of convenience, cost, or control, is provided more effectively through a unit of the institution. Examples are mailing services, duplicating services, office machine maintenance, motor pools, and central stores.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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- b. The policies and practices used for appropriated funds are used in the employment of personnel, use of facilities, and accounting for all expenditures and receipts.
- c. Reports of revenues and expenditures must be submitted to the State Board of Education at the request of the Board.
- 6. Operating Budgets (Nonappropriated -- Other)
 - a. The policies and practices used for appropriated funds are used in the employment of personnel, use of facilities, and accounting for all expenditures and receipts.
 - b. Reports of revenues and expenditures must be submitted to the State Board of Education at the request of the Board.
- 7. Agency Funds
 - a. Agency funds are assets received and held by an institution, school or agency, as custodian or fiscal agent for other individuals or organizations, but over which the institution, school or agency exercises no fiscal control.
 - b. Agency funds may be expended for any legal purpose prescribed by the individual or organization depositing the funds with the institution, school or agency following established institutional disbursement procedures.
- 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.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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(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.

9. Approval by the Board

Requests for approval of major capital improvement projects must be submitted for Board action. Major capital improvement projects, which are approved by the Board and for which funds from the Permanent Building Fund are requested, are placed in priority order prior to the submission of major capital budget requests to the Division of Public Works.

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