

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

TAB	DESCRIPTION	ACTION
1	JOINT FINANCE APPROPRIATIONS COMMITTEE (JFAC) Occupancy Funding Policy	Information item
2	FY 2009 APPROPRIATIONS a. Information - Institutions & Agencies b. College & Universities c. Community Colleges d. Professional-Technical Education e. Promise B Scholarship f. Promise A Scholarship	Motions to approve
3	FY 2010 BUDGET DEVELOPMENT GUIDELINES	Motion to approve
4	TUITION WAIVER REPORTS a. Boise State University b. Idaho State University c. University of Idaho d. Lewis-Clark State College	Information item
5	BOISE STATE UNIVERSITY Office Building Lease	Motion to approve
6	UNIVERSITY OF IDAHO Easement for Public Bus Shelter	Motion to approve
7	UNIVERSITY OF IDAHO Amendments to Faculty/Staff Handbook	Motion to approve
8	UNIVERSITY OF IDAHO Appointment of Trustee – UI Retiree Benefits Trust	Motion to approve

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TAB	DESCRIPTION	ACTION
9	UNIVERSITY OF IDAHO Student Health Insurance Plan (SHIP) - Approval of Rates & Service Provider Contracts	Motion to approve
10	UNIVERSITY of IDAHO Settlement Agreement	Motion to approve
11	LEWIS-CLARK STATE COLLEGE Port of Lewiston Lease	Motion to approve
12	LEWIS-CLARK STATE COLLEGE Residence Hall Purchase	Motion to approve
13	LEWIS-CLARK STATE COLLEGE Property Sale	Motion to approve

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SUBJECT

New Occupancy Funding Policy

APPLICABLE STATUTE, RULE, OR POLICY

Joint Finance Appropriations Committee (JFAC) – Occupancy Funding Policy

DISCUSSION

On December 20, 2007, a JFAC subcommittee considered a new policy related to requests for occupancy funding for general education spaces at higher education institutions.

In the 2008 Legislative Session, Idaho Code 33-3805A was repealed which required prior approval by concurrent resolution authorizing the Board to proceed with projects requiring state general account appropriated funds for construction, operation or maintenance.

The new policy is provided on pages 3 and 4. Under the policy, institutions will need to get Board approval before it acquires, builds, takes possession of, expands, remodels, or converts any eligible space. The Office of the State Board of Education (OSBE) is required to provide the Governor and JFAC written notification within 10 days of Board approval.

The Board approved the projects included in the FY 2009 Occupancy Costs worksheet at the August 2007 Board meeting. JFAC considered that approval as written notification for those projects. Any new eligible space, by any method listed above, must now be brought before the Board for its approval at the earliest Board meeting possible.

IMPACT

Item 7 of the new policy covers unfunded Occupancy Costs. If occupancy costs for eligible space have been requested but not funded due to budgetary reasons, institutions may request occupancy costs again in the following year. If, however, occupancy costs are denied for non-budgetary reasons, no further requests for occupancy costs related to the space in question will be considered. The Legislative Budget Analyst will provide the reason for a denied request.

ATTACHMENTS

Occupancy Funding Policy

Page 3

STAFF COMMENTS AND RECOMMENDATIONS

This policy will clarify for all parties which space is eligible for occupancy funding and how much will be requested for each eligible space.

BOARD ACTION

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

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JOINT FINANCE-APPROPRIATIONS COMMITTEE

**OCCUPANCY COSTS POLICY
FOR HIGHER EDUCATION FACILITIES**

1. Definitions.

- a. "Auxiliary Enterprise" is an entity that exists to furnish goods or services to students, faculty, or staff, and that charges a fee directly related to the cost of the goods or services.
- b. "Eligible Space" means all space other than auxiliary enterprise space. Occupancy costs for "common use" space (i.e. space which shares eligible and auxiliary enterprise space) will be prorated based on its use.
- c. "Gross Square Feet" (GSF) means the sum of all areas on all floors of a building included within the outside faces of its exterior walls.
- d. "Occupancy costs" means those costs associated with occupying eligible space including custodial, utility, maintenance and other costs as outlined in the occupancy costs formula.

2. Notification of New Eligible Space.

- a. No institution shall acquire, build, take possession of, expand, remodel, or convert any eligible space for which occupancy costs will be requested unless prior written notification has been received by the Governor and the Joint Finance-Appropriations Committee. Written notification shall be submitted by the Office of the State Board of Education or a community college within ten business days of final project approval by the State Board of Education or its executive director, or a community college board of trustees. Written notification shall include:
 - i. description of the eligible space, its intended use, and how it relates to the mission of the institution;
 - ii. estimated cost of the building or facility, and source(s) of funds;
 - iii. estimated occupancy costs; and
 - iv. estimated date of completion.
- b. A facility approved by the Legislature and the Governor in the Permanent Building Fund budget satisfies the notice requirement for purposes of requesting occupancy costs.

3. Sources of Funds. Institutions may request occupancy costs regardless of the source(s) of funds used to acquire or construct eligible space.

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4. **Required Information.** Requests for occupancy costs shall include the following information: (i) projected date of occupancy of the eligible space; (ii) gross square feet of eligible space; and (iii) number of months of the fiscal year the eligible space will be occupied (i.e. identify occupancy of eligible space for a full or partial fiscal year).
5. **Occupancy Costs Formula.**
 - a. Custodial: For the first 13,000 GSF and in 13,000 GSF increments thereafter, one-half (.50) custodial FTE. In addition, 10¢ per GSF may be requested for custodial supplies.
 - b. Utility Costs: \$1.75 per GSF.
 - c. Building Maintenance: 1.5% of the construction costs, excluding pre-construction costs (e.g. architectural/engineering fees, site work, etc.) and moveable equipment.
 - d. Other Costs:
 - i. 77¢ per GSF for information technology maintenance, security, general safety, and research and scientific safety;
 - ii. .0005 current replacement value (CRV) for insurance; and
 - iii. .0003 current replacement value (CRV) for landscape maintenance.
 - e. The formula rates may be periodically reviewed against inflation.
6. **Reversions.**
 - a. If eligible space which received occupancy costs is later:
 - i. razed and replaced with non-eligible space; or
 - ii. converted to non-eligible space, the institution shall revert back to the state the occupancy cost funding at the base level originally funded.
 - b. If eligible space is razed and replaced with new eligible space, the institution may retain the base occupancy costs, net the funded GSF against any additional GSF, and request funding for the difference.
7. **Unfunded Occupancy Costs.** If occupancy costs for eligible space have been requested but not funded due to budgetary reasons, institutions may request occupancy costs again in the following year. If, however, occupancy costs are denied for non-budgetary reasons, no further requests for occupancy costs related to the space in question will be considered.

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SUBJECT

FY 2009 Appropriation Information – Institutions and Agencies of the State Board of Education

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.B.
Various Legislative Appropriation Bills (1a page 5)

BACKGROUND

The 2008 legislative session resulted in appropriation bills for the agencies and institutions of the Board. Amounts contained in legislative appropriations are not the same as were in the Executive Recommendation or agency request. However, legislative budget writers provided support for education and other state responsibilities within the ability of the overall projected revenue climate.

The table on page 5 lists the FY 2009 appropriation bills of interest to institutions, agencies and employees 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 table on page 5 provides a summary of the FY2009 appropriations for institutions and agencies of the Board.

IMPACT

Appropriation bills provide spending authority for the agencies and institutions of the State Board of Education, allowing them to offer programs and services to Idaho's citizens.

Statewide Issues

The Legislature provided a fully-funded 3% for employee compensation. The first 1% is to cover the increased costs of medical premiums for all performing state employees and the remaining 2% is to be distributed to employees who are performing above minimum standards to help the state retain higher performers. Increased funding for employee health insurance benefits was provided. The Idaho Department of Administration is currently reviewing plan renewals with present health care providers. Finalization of contracts is expected in the next several weeks. In addition, FY 2009 legislation requires the State to create another high deductible insurance plan, and the Department is also reviewing those options.

Public works project funding includes the following:

BSU: Center for Environmental Studies & Economic Development	\$10,000,000
ISU: Remodel Meridian Building	\$5,175,000
UI: North Idaho Classroom/Office Facility	\$420,800
ISHS: Museum Expansion/Renovation	\$5,000,000

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The Permanent Building Advisory Council approved \$12,154,105 for alteration and repair projects for the institutions and agencies under the Board. These projects are managed by the Division of Public Works.

The College and Universities received \$8.4 million for employee compensation, \$6.2 million for health benefits and \$5.6 million for Replacement Capital Outlay items. Replacement Capital Outlay monies will allow for the timely replacement of aging equipment, vehicles, library books and periodicals.

The Enrollment Workload Adjustment (EWA) amounted to \$387,100, down from \$731,000 in FY 2007 but up from zero in FY 2008. No EWA was provided in FY 2008 because the institutions incurred declining enrollments and reduced a balance of unfunded EWA. The balance of the unfunded EWA for the FY 2010 budget request is:

Boise State University	\$823,700
Idaho State University	\$500,900
University of Idaho	\$0
Lewis-Clark State College	\$0

Liquor funds appropriated to the community colleges doubled from \$300,000 to \$600,000, resulting in an increased allocation from \$150,000 to \$200,000 per college.

An increase in the number of medical school seats was not appropriated for the Veterinary Medicine, Idaho Dental Education, and University of Utah Medical programs.

Agencies of the Board

The Board office (OSBE) received \$128,100 funding for the National Assessment of Education Progress (NAEP) coordinator and the additional 1.0 FTP for the GEAR UP regional coordinator position. The Board office was not appropriated the request for additional funding to upgrade the Deaf/Blind coordinators positions. The 52.6% reduction is primarily due to the transfer of \$5,000,000 to the College of Western Idaho.

The Division of Professional Technical Education received funding for postsecondary instructional equipment, transfer of programs from the Department of Education for Adult Basic Education, GED, Proprietary Schools and Veteran's programs, and the transfer of programs from the Division of Human Resources.

The State Department of Education indicated they will provide a separate report on public school and related appropriation matters.

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ATTACHMENTS

FY09 Appropriations List
Board Budget Policies

Page 5
Page 7

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.

Motions and details for specific institution and agency allocation of appropriations are provided in subsequent motions.

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State Board of Education
FY 2009 Appropriations of Interest to Institutions and Agencies

	General Fund	% Inc. From FY 2008	Total Fund	Bill #
<u>College and Universities</u>				
General Education/Systemwide	\$285,151,500	7.9%	\$422,849,500	H0610
Agricultural Research & Extension	28,249,200	2.1%	28,299,200	S1471
Community College support	29,666,400	25.8%	29,966,400	S1494
Additional: Liquor Funds			300,000	S1518
Health Education Programs	9,459,900	3.0%	10,034,000	S1495
Special Programs	12,222,600	1.0%	12,662,600	S1476
<u>Agencies</u>				
Office of the State Board of Education	5,127,000	(52.6%)	13,977,800	H0611
Professional-Technical Education	54,849,400	6.3%	65,822,100	S1474
Additional: Proprietary Schools			66,900	H0687
Idaho School for Deaf and Blind	8,503,700	4.9%	8,846,500	S1496
Public Broadcasting System	3,530,300	7.6%	4,538,700	S1466
Idaho Commission for the Libraries	4,067,300	41.2%	5,663,900	H0571
Additional: Digital Repository			202,000	H0648
Historical Society	3,347,200	12.6%	5,689,500	H0570
Vocational Rehabilitation, Division	8,520,900	2.0%	25,295,000	S1492
State Department of Education	7,309,100	30.0%	25,761,000	H0621
<u>Public School Support</u>				
Division of Facilities	18,400,000	47.8%	36,850,000	H0671
Division of Operations	539,844,200	2.7%	584,032,700	H0670
Division of Teachers	746,380,700	3.4%	817,074,500	H0669
Division of Administrators	85,391,500	2.8%	87,541,800	H0668
Division of Children's Programs	28,526,300	16.2%	170,449,400	H0672
<u>Statewide Issues</u>				
Permanent Building Fund (Maintenance Projects only)	0		22,323,000	S1498

Note: Employee compensation amounts are included in the totals for each of the Agencies & Institutions

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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

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 to 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.

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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 2007 budget request, prepared in the summer of 2005, projected miscellaneous receipts revenue based on academic year 2001 enrollments which ended with the Spring 2005 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

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services, duplicating services, office machine maintenance, motor pools, and central stores.

- 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

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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.

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SUBJECT

FY 2009 College and University Allocation

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.S.
House Bill 299

BACKGROUND

The legislature appropriates to the State Board of Education and the Board of Regents monies for the general education programs at Boise State University, Idaho State University, University of Idaho, Lewis-Clark State College, 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 2009 College and University lump-sum appropriation to the institutions for general education programs, and system-wide needs. The funds allocated along with revenue generated from potential fee increases will establish the operating budgets for the general education program for FY 2009. The FY 2009 Allocation, shown on page 3, consists of the lump-sum appropriation.

ATTACHMENTS

Summary of C & U FY09 Allocations	Page 3
Board Allocation Policies	Page 4
House Bill 610	Page 7

STAFF COMMENTS

Staff recommends approval of the FY2009 College and University allocation.

BOARD ACTION

A motion to approve the allocation of the FY 2009 legislative appropriations contained in House Bill 610 for Boise State University, Idaho State University, University of Idaho, Lewis-Clark State College, and system-wide needs, as presented on Page 3.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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College and Universities' Allocation

Summary of FY09 C&U Budget Allocations: Appropriated Includes General Funds, Endowment and Appropriated Student Fees HB 610



	Boise State	Idaho State	Univ Idaho	Lewis Clark	System-wide	TOTAL
1 FY08 Original Appropriation	125,710,700	106,108,100	139,678,000	22,840,000	4,675,000	399,011,800
2 Adjustments:						
3 Recission	0	0	0	0	0	0
4 Addl Std Fees/Revenue/Other	2,549,200	407,900	(944,300)	155,400		2,168,200
5 Remove One-Time Expenditures	(1,218,300)	(2,214,800)	(1,709,800)	(220,300)	(1,560,000)	(6,923,200)
6 FY09 Budget Base	127,041,600	104,301,200	137,023,900	22,775,100	3,115,000	394,256,800
7						
8 MCO Requests:						
9 Benefit Cost Increases	2,542,600	1,630,300	1,410,000	611,100		6,194,000
10 General Inflation Adjustments	0	0	0	0		0
11 Replacement items for CO base-One Time	607,200	2,508,200	1,426,700	457,900		5,000,000
12 Library Books & Periodicals-One Time	180,400	165,100	244,500	19,800		609,800
13 Risk Management Costs	521,300	207,400	574,400	20,000		1,323,100
14 Controller's Fees	125,800	113,600	169,200	56,400		465,000
15 Treasurer's Fees	0	0	100	0		100
16 CEC @ 3.0% Annualization	2,781,000	2,309,100	2,820,300	484,200		8,394,600
17 Nonstandard Inflationary Increases						
18 Enrollment Workload Adjustment	1,394,400	0	(926,500)	(80,800)		387,100
19 Total MCO Increases	8,152,700	6,933,700	5,718,700	1,568,600	0	22,373,700
20						
21 MCO Request	135,194,300	111,234,900	142,742,600	24,343,700	3,115,000	416,630,500
22						
23 Line Items:						
24 Occupancy	51,100	100,000	92,400	0	0	243,500
25 Maintenance/Infrastructure	600,000	0	2,400,000	0	0	3,000,000
26 CAES	534,300	534,400	534,400	0	0	1,603,100
27 New Programs	0	0	146,000	1,226,400	0	1,372,400
28 Total Line Items	1,185,400	634,400	3,172,800	1,226,400	0	6,219,000
29						
30 Total Appropriation	136,379,700	111,869,300	145,915,400	25,570,100	3,115,000	422,849,500
31						
32 % Change from FY08 Original Appropriation						
33 MCO	6.5%	6.5%	4.1%	6.9%	0.0%	5.6%
34 Line Items	0.9%	0.6%	2.3%	5.4%	0.0%	1.6%
35 Total	7.4%	7.1%	6.4%	12.2%	0.0%	7.2%
36						
37 % Change from FY09 Budget Base						
38 MCO	6.4%	6.6%	4.2%	6.9%	0.0%	5.7%
39 Line Items	0.9%	0.6%	2.3%	5.4%	0.0%	1.6%
40 Total	7.4%	7.3%	6.5%	12.3%	0.0%	7.3%
41						
42 FY 2009 Budget Request	137,474,800	115,568,800	150,434,800	25,879,000	3,115,000	432,472,400
43 Difference	(1,095,100)	(3,699,500)	(4,519,400)	(308,900)	0	(9,622,900)
44 Total	-0.8%	-3.3%	-3.1%	-1.2%	0.0%	-2.3%

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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:

February 2006

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

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of the allocation and shall consist of two (2) years of actual and one (1) year of estimated credit hours.

- (2) Effective with the FY 1990 allocation, credit hours generated from externally funded sources and contracts shall be removed from this adjustment. Credit hours for in-service teacher education shall not be removed.
- (3) The total budget base of the institutions shall be multiplied by 0.67 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
Masters	3.50	3.50	6.00	6.50
Doctoral	5.00	6.25	7.50	10.00
Law	3.50	--	--	--

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

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

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

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

BUSINESS AFFAIRS AND HUMAN RESOURCES

APRIL 17-18, 2008

REFERENCE – APPLICABLE STATUTE, RULE OR POLICY - continued

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 610

BY APPROPRIATIONS COMMITTEE

1 AN ACT

2 APPROPRIATING MONEYS FOR GENERAL EDUCATION PROGRAMS AT BOISE STATE UNIVERSITY,
3 IDAHO STATE UNIVERSITY, LEWIS-CLARK STATE COLLEGE, THE UNIVERSITY OF IDAHO
4 AND FOR THE OFFICE OF THE STATE BOARD OF EDUCATION FOR FISCAL YEAR 2009;
5 ESTABLISHING AMOUNTS TO BE EXPENDED FOR SYSTEMWIDE PROGRAMS; DIRECTING THE
6 STATE BOARD OF EDUCATION TO PROVIDE A SYSTEM OF REPORTING FACULTY AND
7 STAFF TURNOVER; AND REAPPROPRIATING CERTAIN UNEXPENDED AND UNENCUMBERED
8 BALANCES.

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

10 SECTION 1. There is hereby appropriated to the State Board of Education
11 and the Board of Regents of the University of Idaho for Boise State Univer-
12 sity, Idaho State University, Lewis-Clark State College, the University of
13 Idaho, and the Office of the State Board of Education the following amount to
14 be expended for the designated programs from the listed funds for the period
15 July 1, 2008, through June 30, 2009:

16 FOR:	
17 General Education Programs	\$422,849,500
18 FROM:	
19 General Fund	\$285,151,500
20 Agricultural College Endowment Fund	794,000
21 Charitable Institutions Endowment Fund	753,600
22 Normal School Endowment Income Fund	2,534,100
23 Scientific School Endowment Income Fund	2,332,300
24 University Endowment Income Fund	2,181,000
25 Unrestricted Fund	105,406,700
26 Restricted Fund	23,550,300
27 Miscellaneous Revenue Fund	<u>146,000</u>
28 TOTAL	\$422,849,500

29 SECTION 2. SYSTEMWIDE PROGRAMS. Of the amount appropriated from the Gen-
30 eral Fund in Section 1 of this act, an amount not to exceed \$100,000 shall be
31 used by the Office of the State Board of Education for systemwide needs; an
32 amount not to exceed \$1,440,000 may be used for the mission and goals of the
33 Higher Education Research Council; an amount not to exceed \$1,560,000 in one-
34 time funds for competitive research grants to be awarded by the Higher Educa-
35 tion Research Council; an amount not to exceed \$1,485,000 may be awarded by
36 the State Board of Education for instructional projects specifically designed
37 to foster innovative learning approaches using technology, and to promote the
38 Idaho Electronic Campus; and an amount not to exceed \$90,000 may be used by
39 the Office of the State Board of Education for expenses directly related to
40 the formulation of a final recommendation for expanding undergraduate and
41 graduate medical education opportunities.

42 SECTION 3. PERSONNEL TURNOVER. The State Board of Education shall con-

2

1 tinue to provide a standardized system for tracking and reporting meaningful
2 data about faculty, nonfaculty exempt, and classified staff turnover at the
3 state's institutions of higher education. These statistics shall be available
4 to the Division of Financial Management and the Legislative Services Office no
5 later than November 1 of each year.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

REFERENCE – APPLICABLE STATUTE, RULE OR POLICY - continued

6 SECTION 4. CARRYOVER AUTHORITY. There is hereby reappropriated to the
7 State Board of Education and the Board of Regents of the University of Idaho
8 for Boise State University, Idaho State University, the University of Idaho,
9 Lewis-Clark State College, and the Office of the State Board of Education, any
10 non-General Fund unexpended and unencumbered balances from fiscal year 2008,
11 to be used for nonrecurring expenditures for the period July 1, 2008, through
12 June 30, 2009.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

Statement of Purpose
RS17230

This is the fiscal year 2009 appropriation for the College & Universities in the amount of \$422,849,500.

Fiscal Note

	FTP	Gen	Ded	Fed	Total
FY 2008 Original Appropriation	3,825.60	264,227,700	134,784,100	0	399,011,800
Reappropriation	0.00	0	43,925,800	0	43,925,800
Other Appropriation Adjustments	0.00	0	0	0	0
FY 2008 Total Appropriation	3,825.60	264,227,700	178,709,900	0	442,937,600
Non-Cognizable Funds and Transfers	75.19	0	2,168,200	0	2,168,200
FY 2008 Estimated Expenditures	3,900.79	264,227,700	180,878,100	0	445,105,800
Removal of One-Time Expenditures	0.00	(4,931,100)	(45,917,900)	0	(50,849,000)
Base Adjustments	0.00	0	0	0	0
FY 2009 Base	3,900.79	259,296,600	134,960,200	0	394,256,800
Benefit Costs	0.00	6,194,000	0	0	6,194,000
Inflationary Adjustments	0.00	467,800	142,000	0	609,800
Replacement Items	0.00	3,293,700	1,706,300	0	5,000,000
Statewide Cost Allocation	0.00	1,788,200	0	0	1,788,200
Change in Employee Compensation	0.00	8,394,600	0	0	8,394,600
Nondiscretionary Adjustments	15.00	387,100	0	0	387,100
Endowment Adjustments	0.00	(743,500)	743,500	0	0
FY 2009 Program Maintenance	3,915.79	279,078,500	137,552,000	0	416,630,500

Line Items

College and Universities

1. Occupancy Costs	2.04	243,500	0	0	243,500
2. Maintenance & Infrastructure	0.00	600,000	0	0	600,000
3. Dual Enrollment Operating Support	0.00	0	0	0	0
4. Maintenance & Infrastructure	0.00	2,400,000	0	0	2,400,000
5. Center for Advanced Energy Studies	0.00	1,603,100	0	0	1,603,100
6. Nursing & Health Science Faculty & Eq	8.55	1,226,400	0	0	1,226,400
7. Masters of Community & Regional Plan	0.00	0	0	0	0
8. Health Education Initiative	0.00	0	0	0	0
9. Graduate Assistants	0.00	0	0	0	0
10. American Indian Center	0.00	0	0	0	0
11. Faculty Positions	0.00	0	0	0	0
12. Gov's Initiative: Restoration Ecologist	0.00	0	146,000	0	146,000
Lump-Sum or Other Adjustments	0.00	0	0	0	0
FY 2009 Total	3,926.38	285,151,500	137,698,000	0	422,849,500
Chg from FY 2008 Orig Approp.	100.78	20,923,800	2,913,900	0	23,837,700
% Chg from FY 2008 Orig Approp.	2.6%	7.9%	2.2%		6.0%

Line Item #1: ongoing General Funds for facility occupancy costs at BSU, ISU and U of I.

Line Item #2: one-time General Funds for information technology maintenance at BSU.

Line Item #4: one-time General Funds for facilities maintenance and repairs at U of I.

Line Item #5: one-time General Funds for startup personnel costs at the Center for Advanced Energy Studies.

Line Item #6: \$620,600 ongoing and \$605,800 one-time in General Funds for nursing and health sciences faculty and equipment at LCSC.

Line Item #12: one-time dedicated funds for a Restoration Ecologist position at U of I.

Contact: Matt Freeman 334-4740
 Legislative Services Office, Budget & Policy Analysis
 Statement of Purpose/Fiscal Note

Bill No. _____

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

SUBJECT

Allocation of FY 2009 General Fund Appropriation for Community Colleges

REFERENCE

June 2006 Board approved a process for distributing the FY 2007 State General Fund appropriation between North Idaho College (NIC) and the College of Southern Idaho (CSI)

APPLICABLE STATUTE, RULE, OR POLICY

Senate Bill 1494 and 1518 (2008 Session)

BACKGROUND

The legislature makes an annual appropriation to the State Board of Education for community college support. Traditionally, an informal agreement between the presidents of the two colleges resulted in the allocation of state General Funds equally (50%/50%) between CSI and NIC.

In June, 2006, the Board approved the process for distributing the FY 2007 State General Fund appropriation between CSI and NIC. Now that the College of Western Idaho (CWI) has been created, it is possible the status of this agreement will change pending a renegotiation of the allocation process. Although funds for CWI were appropriated by the Legislature for FY 2009, this will not affect the distribution formula between CSI and NIC. Therefore, the same process will be used for distributing the FY2009 general fund appropriation.

Senate bill 1518 doubled the funds from liquor funds from \$300,000 to \$600,000. The split between community colleges will increase from \$150,000 to \$200,000.

DISCUSSION

The allocation formula used to distribute the FY 2007 state General Fund appropriation will be used to distribute the FY 2009 General Funds.

IMPACT

Section 2 of Senate Bill 1494 directs the General Fund appropriation to be allocated as follows: \$5,000,000 to the new College of Western Idaho, with the remainder split between the College of Southern Idaho and North Idaho College under the current formula established by the two colleges. The allocation formula for CSI and NIC result in the following amounts:

CSI	\$13,169,600
NIC	<u>11,496,800</u>
Total	\$24,666,400

Senate bill 1518 doubled the appropriation from liquor funds from \$300,000 to \$600,000. The split between community colleges will increase from \$150,000 to \$200,000.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

ATTACHMENTS

FY09 CC Appropriations Process	Page 3
Senate Bill 1494	Page 5
Senate Bill 1518	Page 7

STAFF COMMENTS

The allocation between NIC and CSI is not connected to the FY 2009 appropriation that was provided by the Legislature for CWI in the same bill. The amount allocated to CWI is the amount included in the college's budget request in the amount of \$5,000,000.

This allocation does not include funds for Professional-Technical Education, which are allocated by the Division of Professional Technical Education.

Each institution has reviewed their respective allocation amount and agrees that the proper calculation has been made.

Staff recommends approval of the amounts as shown on Page 3, Line 24, and included in the motion, below.

BOARD ACTION

A motion to approve the FY 2009 allocation of state General Funds for community college support as follows: \$13,169,600 to the College of Southern Idaho, and \$11,496,800 to North Idaho College.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

STATE APPROPRIATION ALLOCATION PROCESS
COLLEGE OF SOUTHERN IDAHO and NORTH IDAHO COLLEGE
Fiscal Year 2009

		Fiscal Year 2009		
		(g) CSI	(h) NIC	(i) Total
1	Prior Year Budget Base	10,628,400	9,127,000	19,755,400
2				
3	Current Year MCO and Line Item Increases (1st Yr 2006)	545,300	533,400	1,078,700
4	15 Prior Year MCO and Line Item Increases	2,025,500	1,806,800	3,832,300
5	Cumulative MCO and Line Item Increases	2,570,800	2,340,200	4,911,000
6				
7	Prior Year FTE Used to Allocate Base	53.80%	46.20%	100.00%
8	Percentage of Actual FTE Split Based on FY06	53.65%	46.35%	100.00%
9	8-7 Difference Between Actual and Prior Year FTE Split	-0.15%	0.15%	0.00%
10				
11	Limit on Annual Change in FTE Allocation	-0.15%	0.15%	0.00%
12	7+11 FTE Used to Allocate New Base	53.65%	46.35%	0.00%
13				
14	Current Year MCO and Line Item Increases	545,300	533,400	1,078,700
15	3+14 Current Year Amount Not Allocated by FTE	2,570,800	2,340,200	4,911,000
16				
17	1+15 Current Year Estimated Total Appropriation	13,199,200	11,467,200	24,666,400
18	-15 Less: Amount Not Allocated by FTE	(2,570,800)	(2,340,200)	(4,911,000)
19	Less: Reallocate Foregone Allocation			
20	17+18+19 Current Year New Base	10,628,400	9,127,000	19,755,400
21				
22	20*12 Current Year Base Allocation	10,598,800	9,156,600	19,755,400
23	Plus: Reallocate Foregone Allocation			
24	15+22 Current Year Total Appropriation	13,169,600	11,496,800	24,666,400
25				
26	Prior Year Total Appropriation	12,653,900	10,933,800	23,587,700
27	24/26 Current Year Percentage Increase over Prior Year	4.08%	5.15%	4.57%
28				
29	20*8+15 Current Year Allocation Without 1.5% FTE Limitation	13,169,600	11,496,800	24,666,400
30	29-24 Current Year Foregone Allocation Due From/(Due To)	-	-	-
31	Prior Year Foregone Allocation Due From/(Due To)	600,500	(600,500)	-
32	Cumulative Foregone Allocation Due From/(Due To)	600,500	(600,500)	-

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

REFERENCE – APPLICABLE STATUTE, RULE OR POLICY

IN THE SENATE

SENATE BILL NO. 1494

BY FINANCE COMMITTEE

1 AN ACT

2 APPROPRIATING MONEYS FOR COMMUNITY COLLEGE SUPPORT FOR FISCAL YEAR 2009; AND
3 DIRECTING THE ALLOCATION OF CERTAIN 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 2008, through June 30, 2009:

9 FOR:

10 Trustee and Benefit Payments	\$29,966,400
-----------------------------------	--------------

11 FROM:

12 General Fund	\$29,666,400
-------------------	--------------

13 Community College Fund	<u>300,000</u>
-----------------------------	----------------

14 TOTAL	\$29,966,400
------------	--------------

15 SECTION 2. The General Fund moneys appropriated in Section 1 of this act
16 shall be allocated as follows: (1) \$5,000,000 to the College of Western Idaho;
17 and (2) the remainder pursuant to the formula as agreed to and set forth in
18 the 2006 document entitled "College of Southern Idaho and North Idaho College:
19 State General Fund Distribution Process." The community college fund moneys
20 appropriated in Section 1 of this act shall be allocated evenly among the
21 three community colleges.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

REFERENCE – APPLICABLE STATUTE, RULE OR POLICY – continued

Statement of Purpose
RS17225

This is the fiscal year 2009 appropriation for the Community Colleges in the amount of \$29,966,400.

Fiscal Note

	FTP	Gen	Ded	Fed	Total
FY 2008 Original Appropriation	0.00	23,587,700	300,000	0	23,887,700
Non-Cognizable Funds and Transfers	0.00	0	0	0	0
FY 2008 Estimated Expenditures	0.00	23,587,700	300,000	0	23,887,700
Removal of One-Time Expenditures	0.00	(137,700)	0	0	(137,700)
Base Adjustments	0.00	5,000,000	0	0	5,000,000
FY 2009 Base	0.00	28,450,000	300,000	0	28,750,000
Benefit Costs	0.00	324,900	0	0	324,900
Inflationary Adjustments	0.00	4,100	0	0	4,100
Replacement Items	0.00	102,300	0	0	102,300
Change in Employee Compensation	0.00	506,100	0	0	506,100
Nondiscretionary Adjustments	0.00	279,000	0	0	279,000
FY 2009 Program Maintenance	0.00	29,666,400	300,000	0	29,966,400
Line Items					
Community Colleges					
1. Rural Math/Science Dual Credit	0.00	0	0	0	0
2. Joint Pgm Development with Spokane	0.00	0	0	0	0
3. Online Program Development	0.00	0	0	0	0
4. Campus Technology Upgrade	0.00	0	0	0	0
5. CWI Object Transfer	0.00	0	0	0	0
6. One-time Operating Support	0.00	0	0	0	0
Lump-Sum or Other Adjustments	0.00	0	0	0	0
FY 2009 Total	0.00	29,666,400	300,000	0	29,966,400
Chg from FY 2008 Orig Approp.	0.00	6,078,700	0	0	6,078,700
% Chg from FY 2008 Orig Approp.		25.8%	0.0%		25.4%

Section 2 of the bill directs the General Fund appropriation to be allocated as follows: \$5,000,000 to the new College of Western Idaho, with the remainder split between College of Southern Idaho and North Idaho College under the current formula established by the two colleges.

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DIVISION OF PROFESSIONAL-TECHNICAL EDUCATION

SUBJECT

Allocation of the State 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 Related Services. The Division of Professional-Technical Education requests approval of the allocation of the FY2009 appropriated funds detailed in Exhibit A.

DISCUSSION

The allocation is based on the level of funding in Senate Bill No. 1474, Exhibit B, 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 5.93%. The Legislature funded maintenance level increases for replacement operating expenses and capital outlay, library books and periodicals, statewide cost allocation increases, and professional-technical schools. Line item requests for postsecondary instructional equipment, transfer of programs from the Department of Education for Adult Basic Education, GED, Proprietary Schools and Veteran's programs, and the transfer of programs from the Division of Human Resources were also funded.

IMPACT

Establish FY2009 operating budget.

ATTACHMENTS

Attachment 1 – Appropriation Allocation

Page 3

Attachment 2 – Senate Bill No. 1474

Page 5

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

BOARD ACTION

A motion to approve the request from the Division of Professional-Technical Education for the allocation of the FY 2009 appropriation detailed in EXHIBIT A.

Moved by _____ Seconded by _____ Yes _____ No _____

1	DIVISION OF PROFESSIONAL-TECHNICAL EDUCATION		EXHIBIT A
2	Allocation of State Division of Professional-Technical Education		
3	FY 2009 Appropriation		
4		FY08	FY09
5		Allocation	Allocation
6	Program 01 (State Leadership and Technical Assistance)		
7			
8	By Standard Class:		
9	Personnel Costs	\$ 1,984,800	\$ 2,087,800
10	Operating Expenses	357,300	354,900
11	Capital Outlay	35,000	35,400
12	Totals	\$ 2,377,100	\$ 2,478,100
13			
14	By Source of Revenue:		
15	General Funds	1,966,600	2,053,200
16	Federal Funds	344,600	374,000
17	One-time General Funds	65,900	50,900
18	Totals	\$ 2,377,100	\$ 2,478,100
19			
20	Program 02 (General Programs)		
21			
22	By Major Program Area:		
23	Secondary Formula	\$ 10,944,137	\$ 10,944,144
24	Professional-Technical School Added Cost	1,770,000	2,434,400
25	General Programs Leadership	293,700	298,800
26	Special Programs		
27	Federal Leadership	774,703	741,396
29	Advanced Learning Partnership	420,000	420,000
30	Adult/Retraining	759,240	759,240
31	Support and Improvement Services	1,652,620	1,652,620
32	Totals	\$ 16,614,400	\$ 17,250,600
33			
34	By Source of Revenue		
35	General Funds	\$ 11,469,100	\$ 11,807,200
36	Federal Funds	5,058,200	5,024,900
37	Dedicated Funds	67,800	67,800
38	One-time General Funds	19,300	350,700
39	Totals	\$ 16,614,400	\$ 17,250,600
40			
41	Program 03 (Postsecondary Programs)		
42			
43	By Technical College:		
44	Boise State University	7,212,618	7,580,247
45	College of Southern Idaho	6,008,125	6,211,357
46	Eastern Idaho Technical College	6,312,852	6,535,862
47	Idaho State University	10,171,733	10,664,746
48	Lewis-Clark State College	4,011,594	4,221,634
49	North Idaho College	4,357,778	4,552,854
50	Totals	\$ 38,074,700	\$ 39,766,700
51			
52	By Source of Revenue:		
53	General Funds	\$ 36,946,700	\$ 38,702,900
54	Unrestricted Funds	456,200	468,200
55	One-time General Funds	671,800	595,600
56	Totals	\$ 38,074,700	\$ 39,766,700
57	Allocation of State Division of Professional-Technical Education		

58	FY 2009 Appropriation		
59		FY08	FY09
60		Allocation	Allocation
61			
62	Program 04 (Underprepared Adults/Displaced Homemaker Program)		
63			
64	By Major Program:		
65	Postsecondary Formula	\$ 2,020,700	\$ 2,080,300
66	Displaced Homemaker Program	409,100	409,100
67			
68	Totals	\$ 2,429,800	\$ 2,489,400
69			
70	By Source of Revenue:		
71	General Funds	\$ 239,100	\$ 239,100
72	Federal Funds	2,020,700	2,080,300
73	Dedicated Funds	170,000	170,000
74	Totals	\$ 2,429,800	\$ 2,489,400
75			
76	Program 05 (Related Services)		
77			
78	By Standard Class:		
79	Personnel Costs	\$ 546,100	\$ 488,500
80	Operating Expenses	173,600	240,000
81	Trustee Payments	0	3,102,800
82	Totals	\$ 719,700	\$ 3,831,300
83			
84	By Source of Revenue:		
86	General Funds	\$ 213,900	1,049,800
87	Federal Funds	0	2,351,600
	Dedicated Funds	0	202,500
	Miscellaneous Revenue	503,200	233,400
88	One-Time General Funds	2,600	0
89	Totals	\$ 719,700	\$ 3,837,300
90			
91	By Source of Revenue:		
92	General Funds	\$ 50,835,400	\$ 53,852,200
93	Federal Funds	7,423,500	9,830,800
94	Dedicated Funds	237,800	440,300
95	Unrestricted Funds	456,200	468,200
96	Miscellaneous Revenue	503,200	233,400
97	One-time General Funds	759,600	997,200
98	Totals	\$ 60,215,700	\$ 65,822,100

]]]] LEGISLATURE OF THE STATE OF IDAHO]]]]
Fifty-ninth Legislature Second Regular Session - 2008

IN THE SENATE

SENATE BILL NO. 1474

BY FINANCE COMMITTEE

AN ACT

2 APPROPRIATING MONEYS FOR PROFESSIONAL-TECHNICAL EDUCATION FOR FISCAL YEAR
3 2009; REAPPROPRIATING ANY UNEXPENDED AND UNENCUMBERED BALANCES; AND SET-
4 TING FORTH THE CONDITIONS FOR REAPPROPRIATION.

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

6 SECTION 1. There is hereby appropriated to the State Board for
7 Professional-Technical Education the following amounts to be expended by the
8 Division of Professional-Technical Education for the designated programs
9 according to the designated expense classes from the listed funds for the
10 period July 1, 2008, through June 30, 2009:

	FOR PERSONNEL COSTS	FOR OPERATING EXPENDITURES	FOR CAPITAL OUTLAY	FOR TRUSTEE AND BENEFIT PAYMENTS	FOR LUMP SUM	TOTAL
11						
12						
13						
14						
15 I. STATE LEADERSHIP AND TECHNICAL ASSISTANCE:						
16 FROM:						
17 General						
18 Fund	\$ 1,741,900	\$ 326,800	\$ 35,400			\$ 2,104,100
19 Federal Grant						
20 Fund	345,900	28,100				374,000
21 TOTAL	\$ 2,087,800	\$ 354,900	\$ 35,400			\$ 2,478,100
22 II. GENERAL PROGRAMS						
23 FROM:						
24 General						
25 Fund	\$ 249,000	\$ 40,500	\$ 9,300	\$ 11,859,100		\$ 12,157,900
26 Hazardous Materials/ 27 Waste Enforcement				67,800		67,800
28 Fund						
29 Federal Grant						
30 Fund	173,300	1,700		4,849,900		5,024,900
31 TOTAL	\$ 422,300	\$ 42,200	\$ 9,300	\$ 16,776,800		\$ 17,250,600
32 III. POSTSECONDARY PROGRAMS:						
33 FROM:						
34 General						
35 Fund					\$ 39,298,500	\$ 39,298,500
36 Unrestricted						
37 Fund					468,200	468,200
38 TOTAL					\$ 39,766,700	\$ 39,766,700
1				FOR		

	FOR PERSONNEL COSTS	FOR OPERATING EXPENDITURES	FOR CAPITAL OUTLAY	TRUSTEE AND BENEFIT PAYMENTS	FOR LUMP SUM	TOTAL
IV. UNDERPREPARED ADULTS/DISPLACED HOMEMAKERS:						
FROM:						
General						
Fund				\$ 239,100		\$ 239,100
Displaced Homemaker						
Fund				170,000		170,000
Federal Grant						
Fund				2,080,300		2,080,300
TOTAL				<u>\$ 2,489,400</u>		<u>\$ 2,489,400</u>
V. RELATED SERVICES:						
FROM:						
General						
Fund	\$ 67,200	\$ 21,500		\$ 961,100		\$ 1,049,800
Miscellaneous						
Revenue	188,900	44,500				233,400
Seminars and						
Publications						
Fund		140,000				140,000
Student Tuition						
Recovery						
Fund		7,500		55,000		62,500
Federal Grant						
Fund	232,400	32,500		2,086,700		2,351,600
TOTAL	<u>\$ 488,500</u>	<u>\$ 246,000</u>		<u>\$ 3,102,800</u>		<u>\$ 3,837,300</u>
GRAND						
TOTAL	\$ 2,998,600	\$ 643,100	\$ 44,700	\$ 22,369,000	\$ 39,766,700	\$ 65,822,100

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 211, Laws of 2007, to be used for nonrecurring expenditures, for the period July 1, 2008, through June 30, 2009.

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 or June 30, 2008, 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 or June 30, 2008, 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.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 18-20, 2007

SUBJECT

Idaho Promise Scholarship – Approve Category B Award.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho Administrative Procedures Act (IDAPA) 08.01.05.102.01
Sections 33-4305 and 33-4308, Idaho Code

BACKGROUND

The Idaho Promise Scholarship Category B award is available 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

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 different than projected for the fall 2008, the Board may choose to increase or decrease the amount of the award for the spring 2009 semester. During the 2008 session, the Idaho Legislature provided carry-over authority for the scholarship funds and any funds remaining from the FY08 year may be reallocated during the FY09 year.

The legislative appropriation for the Promise Category B Scholarship for FY 2009 is \$4,446,700. Based upon the participation during the FY08 year, Board staff has estimated the number of eligible students in academic year 2008-09 to be approximately 7,400 students. With the award set at \$600 per student per year, the total amount awarded to all eligible students would be \$4,440,000. This leaves \$6,700 remaining.

Actual student numbers for the Fall 2009 semester will be reviewed and if an adjustment is necessary, staff will recommend a decrease in the award amount for the spring 2009 semester (October, 2009 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 7,400.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 18-20, 2007

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval of the Promise Category B scholarship in the amount of \$300 per semester (\$600 annually).

BOARD ACTION

A motion to approve the amount of the Idaho Promise Scholarship, Category B, to be \$300 per semester per student (\$600 annually) for those current recipients who maintain eligibility and for qualified first year entering students under the age of 22 in the academic year 2008-2009

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
APRIL 17-18, 2008

SUBJECT

Idaho Robert R. Lee Promise Scholarship – Approve Category A Award.

APPLICABLE STATUTE, RULE, OR POLICY

Sections 33-4305 (2) and 33-4307 (2) (a), Idaho Code

BACKGROUND

The intent of the Idaho Robert R. Lee Promise Scholarship Category A award is to encourage the best and brightest Idaho students to attend an Idaho college or university. Applicants are ranked based on academic and professional-technical high school records, and ACT or COMPASS scores. The provisions of Idaho Code §33-4307.2a require the State board of Education to annually fund the amount of the award. The amount of the award has been \$3,000 per year (\$1,500 per semester) since the fall 2001 semester.

DISCUSSION

The Joint-Finance and Appropriation Committee appropriated \$331,300 for the FY 2009 academic year. This appropriation will fund approximately 110 total scholarships. There are 72 eligible renewal applications from returning students. The remaining funds will provide for 38 new scholarships to be awarded. 75 percent of the new scholarships are awarded to students pursuing academic programs and 25 percent are awarded to professional-technical students.

During this application year there were nearly 1,200 applicants for the Category A scholarships. 350 applicants met or exceeded the eligibility qualifications for this scholarship.

IMPACT

The legislature provided \$331,300 for the Category A Scholarship Program for the 2008-2009 academic year.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval of the Promise Category A scholarship in the amount of \$3,000 per year (\$1,500 per semester).

BOARD ACTION

A motion to approve the amount of the Idaho Promise Scholarship, Category A, to be \$3,000 per year (\$1,500 annually) for those applicants who are selected to receive or renew the Idaho Robert R. Lee Promise Category A scholarship for the academic year 2008-09.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

REFERENCE - APPLICABLE STATUTE, RULE OR POLICY

IDAHO STATUTES
Title 33, Sections 4305 and 4307

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. ELIGIBILITY -- MAXIMUM AMOUNTS -- CONDITIONS. A grant may be awarded to an eligible student for matriculation at an eligible postsecondary educational institution in the state of Idaho if:

- (2) The grant for category A students is as follows:
 - (a) The grant payment to an individual per educational year for attendance on a full-time basis is not in excess of an amount determined annually by the state board of education or in excess of the total educational costs as certified by an official of the eligible postsecondary institution to be attended by the individual receiving the grant, whichever is less.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

SUBJECT

Discussion of FY 2010 Budget Request Process

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures Policy, Section V.B.1.

BACKGROUND

Board-approved budget requests for FY10 must be submitted to the executive and legislative branches [Division of Financial Management (DFM) and Legislative Services Office (LSO)] on September 1, 2008. To meet this deadline, the Board has established a process for developing agency and institutional requests that will be finalized at the August 2007 meeting. Budget requests are developed in two parts as directed by the DFM Budget Development Manual: maintenance of current operations (MCO) items and “line items”.

MCO requests are calculated using state budget guidelines and Board policy. Line item requests are defined by the Board, representing the unique needs of the higher education institutions (or system), and agencies. The Board’s budget request guidelines have historically focused upon the development of line item requests, capital budget requests, special one-time requests (if any), and the timeframe for presenting and approving these requests.

An MCO request includes funding for health insurance or other Personnel Cost increases; operating expense inflationary increases (including utilities), central state agency cost areas (Treasurer, Controller, etc.), and changes in employee compensation (salary increases, otherwise known as “CEC”). These previous items are calculated using rates established by DFM. Other MCO items include external non-discretionary adjustments such as student enrollment increases, medical education contract adjustments, and replacement capital.

DISCUSSION

All line items for each agency or institution (including Special and Health Programs) must be ranked in priority order. An MCO budget is considered the minimum to maintain operations while line items are funded for new or expanded programs, building occupancy, additional personnel costs above CEC, and other initiatives deemed important by the Board, institution/agency, legislature or governor.

The capital budget request is a separate process with funding provided by the Permanent Building Fund. Agencies and institutions seek funding for major maintenance projects and major capital projects through that process.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

IMPACT

In order to improve the budget review process, the timeline below will be followed:

<u>Board Meeting</u>	<u>Description</u>
April	Board provides Line Item guidelines
June	Board reviews and approves Line Items
August	Board approves final budget requests

Following Board approval in August, the budget requests will be submitted to DFM and LSO before September 1, 2008.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends the following Line Item guidelines:

1. Tie Line Item requests to goals within institution/agency strategic plan and to Board strategic plan.
2. Substantiate why non-appropriated Line Items from the FY 2009 budget request are not being prioritized first for FY 2010.
3. Prioritize Line Item requests in the following categories:
 - a. Occupancy Costs
 - b. Maintenance, Infrastructure and Critical Operating Expenses
 - c. Center for Advanced Energy Studies (CAES) (Higher Education)
 - d. Biomedical Research Initiative with Veterans Affairs Medical Center
 - e. New or Expanded Programs
 - f. Enhancements for institution or agency effectiveness, competitiveness, and/or efficiency

The information included in the final budget request must include supporting documentation sufficient enough to enable the Board, Division of Financial Management, and the Legislative Budget Office to make an informed decision.

BOARD ACTION

A motion to direct the agencies and institutions to use the following categories and in priority order to develop FY 2010 Line Item budget requests: Occupancy Costs, Maintenance, Infrastructure, and Critical Operating Expenses, Center for Advanced Energy Studies, Biomedical Research Initiative with Veterans Affairs Medical Center, New or Expanded Programs, and Enhancements for institution or agency effectiveness, competitiveness, and/or efficiency.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

REFERENCE – APPLICABLE STATUTE, RULE OR POLICY

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

August 2006

B. Budget Policies

1. Budget Requests

For purposes of Item 1., the community colleges (CSI and NIC), the State Historical Society, and the Commission for Libraries 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.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

SUBJECT

Acceptance of the 2007 Fee Waiver and Discounts Reports.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections V.R., and V.T.

REFERENCE

November 1998	Presidents recommended a change in the Board's fee waiver policy from one to three percent of institution FTE to increase the number of nonresident tuition waivers for disadvantaged or deserving students.
October 21-22, 1999	Board approved policy change after the institutions identified the primary fields of study for which tuition waivers can be awarded. Policy requires institutions submit an annual report identifying the use of waivers by discipline and class level by state of residency.

BACKGROUND

When the college and university 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. Board's policy requires institutions submit an annual report identifying the use of waivers by discipline, by class level, and by state of residency for both the 1% Disadvantaged and Deserving Student waivers and the 2% High Technology Student waivers.

The Board's policy also includes a requirement that each institution submit an annual report on all other fee waivers on a date and in a format determined by the executive director of the Board.

DISCUSSION

The Fee and Tuition Waivers and Discounts report on page 3 shows the dollar amount for the waivers covered under Policy Section V.T. as well as other waivers and discounts, including the Western Undergraduate Exchange Program covered in Policy Section V.R.

Under "Other Board Policy Tuition Waivers" and "Western Undergraduate Exchange", the chart shows state-to-state (Washington, Utah, Oregon) reciprocal agreement waivers that have been in place for many years.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

The report lists the name of the waiver or discount, the policy section, and the annual dollar amount for each institution. At the bottom of the report the gross amount of student fees and percentage of fees waived or discounted for each institution is listed.

With respect to the High Technology Tuition waiver, Board policy authorizes waivers of nonresident tuition to not exceed two percent (2%) of the institution's full-time equivalent enrollment. The chart on page 5 displays the authorized waivers and actual waivers granted based on FY 2006 FTE and compares this number to the actual waivers granted in FY 2007. Reports from the institutions, detailing the waivers by discipline, by level, and by state are provided on pages 7 – 13.

IMPACT

Nonresident waivers have attracted students to Idaho's institutions in areas of study that have been identified as potential state workforce shortages. Many of these students might not have enrolled in Idaho institutions if it were not for these waivers. In addition, institutions have been able to use the waivers to shape their student enrollment profiles for diversity and other purposes. The goal is for these students to find suitable employment in Idaho upon graduation.

ATTACHMENTS

Attachment 1 – 2007 C & U Waivers & Discounts	Page 3
Attachment 2 – 2007 SBOE Tech Waiver Limits	Page 5
Attachment 3 – 2007 BSU Waivers	Page 7
Attachment 4 – 2007 ISU Waivers	Page 9
Attachment 5 – 2007 UI Waivers	Page 11
Attachment 6 – 2007 LCSC Waivers	Page 13

STAFF COMMENTS AND RECOMMENDATIONS

The nonresident waivers are used mostly to recruit students from out of Idaho who are majoring in engineering, biology, and computer sciences. Employee fee discounts have been used to recruit faculty as a fringe benefit to themselves and their spouses. Institutional representatives may wish to comment regarding the waivers and if/how they are fulfilling the original intent.

The Financial VP group has been reviewing possible changes to policy that would allow the institutions to use fee waivers to better address their unique enrollment objectives. Once a proposal has been vetted, the Board will be asked to approve the new policy.

BOARD ACTION

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

**Idaho College and Universities
Fee and Tuition Waivers and Discounts
Fiscal Year 2007**

ATTACHMENT 1

	Policy Section	BSU	ISU	UI	LCSC	Total
1	<u>Board Policy Tuition Waivers, Policy Section V.T.</u>					
2	Nonresident Graduate/Instructional Assistants	571,683	1,261,175	3,243,200	0	5,076,058
3	Nonresident Intercollegiate Athletics	1,372,607	905,919	1,701,100	542,868	4,522,494
4	Nonresident Disadvantaged or Deserving: 1% of FTE	865,468	653,330	1,043,600	155,922	2,718,320
5	Nonresident High Technology: 2% of FTE	1,353,372	1,298,390	1,307,200	96,422	4,055,384
6						
7	<u>Other Board Policy Tuition Waivers</u>					
8	Washington Reciprocal Tuition Waivers	58,335	74,430	433,500	113,371	679,636
9	Utah State University	0	922,105	0	0	922,105
10	Mines Tuition Waivers - Engineering	0	0	198,200	0	198,200
11	Mines Tuition Waivers - Science	0	0	107,100	0	107,100
12	Oregon Tuition Waivers	0	0	0	0	0
13	Exchange Student Waivers (1)	151,671	74,348	396,600	0	622,619
14	WICHE	0	28,945	0	0	28,945
15	Total Other Board Policy Waivers	210,006	1,099,828	1,135,400	113,371	2,558,605
16						
17	Total Board Policy Tuition Waivers	4,373,136	5,218,642	8,430,500	908,583	18,930,861
18						
19	Western Undergraduate Exchange (2)	1,553,795	631,394	9,171,500	228,916	11,585,605
20						
21	<u>Other Waivers and Discounts</u>					
22	Staff Fees	941,733	695,893	407,300	131,808	2,176,734
23	Staff Spouse Fees	293,310	469,753	215,500	40,620	1,019,183
24	Senior Citizen Fees	205,340	226,075	70,100	43,680	545,195
25	In-Service Teacher Education Fee	533,825	855,727	515,300	73,510	1,978,362
26	EDA-Nez Perce Tribe	0	0	0	43,532	43,532
27	Total Other Waivers and Discounts	1,974,208	2,247,448	1,208,200	333,150	5,763,006
28						
29	Total FY07 Waivers and Discounts	7,901,139	8,097,484	18,810,200	1,470,649	36,279,472
30						
31	FY07 Gross Student Fees	88,131,033	67,667,095	82,250,921	13,530,312	251,579,361
32						
33	Percentage of Total Gross Student Fees Waived or Discounted	8.97%	11.97%	22.87%	10.87%	14.42%

Note: Graduate/Instructional Assistant waivers can vary among institutions due to the difference in their respective missions.

(1) Includes only waivers for incoming exchange students.

(2) WUE is accounted for as a rate and not a waiver. The waived amount is the difference in the out-of-state rate minus the WUE rate.

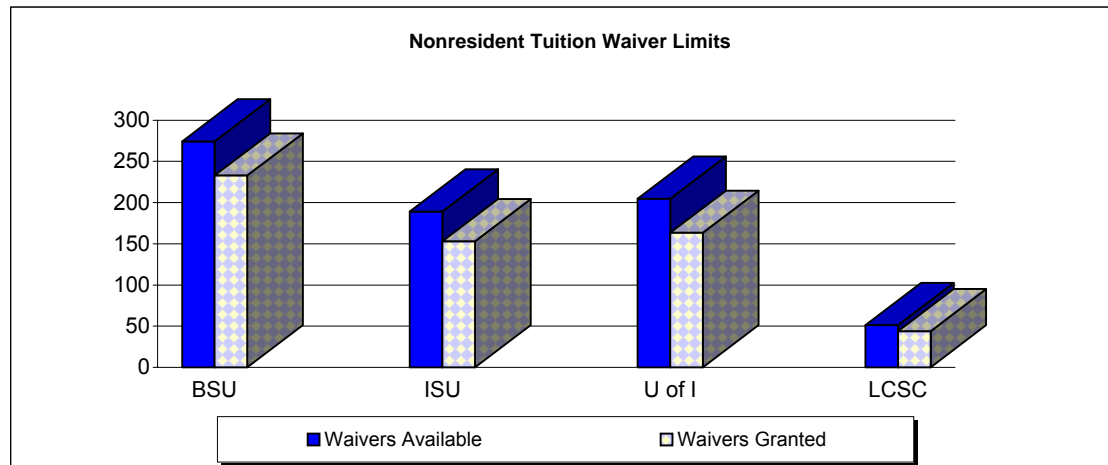
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State Board of Education

Nonresident High Technology Tuition Waiver Limits

Fall 2007

Enrollment/Waivers/Impact		BSU	ISU	U of I	LCSC	Total
1	FTE Enrollment					
2	Fall 2006 (see note)					
3	Academic	13,060	8,597	10,234	2,158	34,049
4	Vocational	660	869	0	404	1,933
5	Total	13,720	9,466	10,234	2,562	35,982
6						
7	High Technology Waivers - 2% of FTE					
8	Waivers Available	274	189	205	51	720
9						
10						
11	Waivers Granted	233.00	153.00	163.47	44.00	593.47
12	Granted as a Percent of Available	84.91%	80.82%	79.87%	85.87%	82.47%



Note: Waivers granted for FY 2007 were awarded in FY 2006 and based on FY 2006 FTE.

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Boise State University
Status Report on Nonresident Tuition Waivers, Fall 2007 (High-Tech Areas Only)

State	Nonresident Tuition Waivers By Discipline							Nonresident Tuition Waivers By Level of Student							
	Building Contr, Engineering, Envir/Waste	Math, Comp Sci, Info Tech	Biology, Chemistry, Geology	Physics, Radiology Sci, Survey Tech	Electr Tech Grph Dsgn Prod Tech	Other	Total	Fresh	Soph	Jr	Sr	Grad	Mast	Doct	Total
Washington	15	2	3		4	10	34	13	10	3	8				34
Oregon	11	4	6	1	3	8	33	8	12	5	8				33
Montana	6	1	2	1		6	16	7	2	1	6				16
Nevada	3	1	1			2	7	3	3	1					7
Utah	2	2	3			3	10	3	4	1	2				10
Wyoming	6		2			5	13	6	2	4	1				13
Alaska	6		4			1	11	4	4	1	2				11
Other States	26	16	15		3	18	78	22	10	11	9	26			78
Foreign	14	6	3			8	31	4			6	21			31
Total	89	32	39	2	10	26	233	70	47	27	42	47	0	0	233
Other Facts:															
Average HS GPA	3.64	3.64	3.65		3.40	3.76	3.62	3.59	3.71	3.78	3.70				3.70
Average SAT	1,116	1,165	1,079		1,148	1,146	1,131	1,122	1,135	1,189	1,108				1,139
Average ACT	27	28	28		33	28	29	27	29	27	30				28

Criteria Used to Offer Waivers:

(GPA & test scores omitted when less than 5 students in sample)

1) Hi-Tech Major 2) GPA 3) Test Scores

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Idaho State University
Status Report on Nonresident Tuition Waivers, Fall 2007 (High-Tech Areas Only)

1		Nonresident Tuition Waivers By Discipline							Nonresident Tuition Waivers By Level of Student							
		Building Contr, Engineering, Envir/Waste	Math, Comp Sci, Info Tech	Biology, Chemistry, Geology	Physics, Radiology Sci, Survey Tech	Electr Tech Grph Dsgn Prod Tech										
2	State						Other	Total	Fresh	Soph	Jr	Sr	Grad	Mast	Doct	Total
3	Washington	4	2	2	2	0	0	10	1	3	1	5	0	0	0	10
4	Oregon	0	0	3	0	1	0	4	0	3	1	0	0	0	0	4
5	Montana	2	0	0	4	1	0	7	0	1	3	3	0	0	0	7
6	Nevada	0	0	1	0	0	0	1	1	0	0	0	0	0	0	1
7	Utah	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Wyoming	1	0	0	1	0	0	2	0	0	1	0	0	1	0	2
9	Alaska	1	0	0	0	0	0	1	0	0	0	1	0	0	0	1
10	Other States	4	4	11	1	0	0	20	4	3	3	5	1	2	2	20
11	Foreign	29	32	40	4	3	0	108	7	21	23	35	5	14	3	108
12																
13																
14																
15																
16	Total	41	38	57	12	5	0	153	13	31	32	49	6	17	5	153
17																
18	Other Facts:															
19	Average HS GPA	3.73	3.40	3.40	3.25	3.12		3.45	3.58	3.35	3.38	3.68	-	-	-	3.45
20	Average SAT	1,190.00	1,090.00	1,070.00	1,070.00	970.00		1,110.00	1,150.00	1,070.00	1,140.00	1,100.00	-	-	-	1,110.00
21	Average ACT	27.00	22.00	22.00	23.00	21.00		24.00	26.00	25.00	20.00	26.00	-	-	-	24.00
22																

Criteria Used to Offer Waivers:

1) Hi-Tech Major 2) GPA 3) Test Scores

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University of Idaho

Status Report on Nonresident Tuition Waivers - 2007-08 (Data as of October 2007)

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	12.25	0.50	7.00	11.19	5.50	36.44	8.75	7.50	7.00	10.19	3.00	36.44
Oregon	3.00	4.00	4.00	3.25	1.00	15.25	2.00	8.00	2.75	1.50	1.00	15.25
Montana	1.00	0.00	1.00	3.00	0.00	5.00	0.00	1.00	1.00	3.00	0.00	5.00
Nevada	0.00	0.00	1.00	0.00	0.00	1.00	0.00	1.00	0.00	0.00	0.00	1.00
Utah	0.50	0.00	1.00	0.00	0.00	1.50	0.00	0.00	0.00	1.50	0.00	1.50
California	0.00	1.49	2.99	0.50	1.00	5.98	0.00	1.50	1.49	0.99	2.00	5.98
Arizona	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Alaska	4.00	2.00	1.00	4.00	0.50	11.50	2.00	2.50	2.50	3.50	1.00	11.50
Other	27.09	17.32	29.31	9.08	4.00	86.80	8.81	10.54	27.32	23.23	16.90	86.80
Totals:	47.84	25.31	47.30	31.02	12.00	163.47	21.56	32.04	42.06	43.91	23.90	163.47

Other Facts:

Average HS GPA	3.53	3.19	3.59	3.63	3.69	3.53						
Average SAT	1176.92	900.00	1220.83	1120	1330	1149.55						
Average ACT	26.00	22.67	24.11	29.5	31.00	26.66						
Average Trans. GPA	3.92	3.81	3.47	3.75	3.90	3.77						

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, Fall 2007 (High-Tech Areas Only)

1	State	Nonresident Tuition Waivers By Discipline						Nonresident Tuition Waivers By Level of Student								
		Building Contr, Engineering, Envir/Waste	Math, Comp Sci, Info Tech	Biology, Chemistry, Geology	Physics, Radiology Sci, Survey Tech	Electr Tech Grph Dsgn Prod Tech	Other	Total	Fresh	Soph	Jr	Sr	Grad	Mast	Doct	Total
2	Illinois		1					1			1					1
3	California	1						1			1					1
4	Oregon		1		2			3	2	1						3
5	WA (excluding AS	2	1	1	2	1		7	6	1						7
6	Asotin Cty, WA	1	5	1	2			9	3	2	3	1				9
7	International	4	7	11	1			23	18	2		3				23
8								0								0
9								0								0
10								0								0
11																
12																
13	Total	8	15	13	7	1	0	44	29	6	5	4	0	0	0	44
14																
15	Other Facts:															
16	Average GPA	3.50	3.28	3.42	3.50	3.47		3.43	3.44	3.49	3.44	3.30				3.42
17	Average SAT	17.0	24.0	27.0	19.5			21.9	22.0		19.0	21.0				20.7
18	Average ACT	1097.0	960.0		1420.0			1159.0	1186.0	1440.0	1050.0					1225.3
19																

Criteria Used to Offer Waivers at LCSC:

1. Waivers are awarded to students planning to major in Mathematics, Computer Science, Chemistry, Geology, Information Systems Analysis, Electronic Technology, Engineering Technology, Radiography, HVAC, Biology and Automotive Technology.
2. Priority consideration given to high achieving students with at least a 3.2 gpa.
3. Transfer students as well as new freshmen.
4. International students.
5. Beginning with 2002/2003 academic year, waivers were awarded to applicants from Asotin County, Washington and new CAMP participants..
6. Beginning with 2003/2004: waivers are not awarded to post-baccalaureate students

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REFERENCE - APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: R. Establishment of Fees

June 2005

1. Definitions and Types of Fees

The following definitions are applicable to fees charged to students at 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 University of Idaho. The cost of instruction shall not include those costs associated with the construction, maintenance, and operation of buildings and facilities; student services; or institutional support, which are complementary to, but not a part of, the instructional program. Tuition may be charged only to nonresident 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 buildings and facilities, student services, and institutional support.

(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

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services; instruction; the construction, maintenance, and operation of buildings and facilities; student services; or institutional support.

(4) 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.

(5) 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.

(6) 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.

(7) Summer School Fee

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

(8) 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.

(9) 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.

(10) 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.

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(11) 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.

(12) Course Overload Fee

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

- (13) 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 at the University of Idaho

(2) Matriculation Fees at the University of Idaho

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

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(4) Professional-Technical Education Fee

(5) Part-time Education Fee

(6) Graduate Fee

(7) Summer School Fee

(8) Professional Fee

(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 - continued

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: T. Fee Waivers

April 2002

1. Authority for Fee Waivers

An institution shall not waive any of the applicable fees specified in Section V, Subsection R., unless specifically authorized in this subsection. Special fees are not defined as a fee waiver.

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.

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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.

3. Reporting Requirements

Each institution shall submit an annual report on fee waivers on a date and in a format determined by the executive director of the Board.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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BOISE STATE UNIVERSITY

SUBJECT

Office building lease at 220 Park Center Boulevard.

REFERENCE

February 2008

SBOE approval to proceed with lease preparation

APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education Governing Policies and Procedures, Sections V.I.1.b. & V.I.2.d. & V.E.1.

Section 67-5708, Idaho Code

BACKGROUND

The University requests permission to lease the office building (80,000 square feet of office space) located at 220 Park Center Boulevard in Boise. This building is the former Ore-Ida building currently owned by Supervalu. Supervalu has agreed to sell the land and building valued at approximately \$10,050,000 to the Boise State University Foundation for \$7,000,000 (part sale/part gift) as long as it is put to University use.

DISCUSSION

Once the Foundation purchases the property from Supervalu, the University will lease the property from the Foundation pursuant to the terms of the lease enclosed as Attachment 1. This is the lease that is before the Board for approval. The highlights of the lease are as follows. The lease will be for three years and the University will pay the amount needed to pay the interest only on the loan the Foundation will obtain to purchase the property. The University will assume all insurance, maintenance and operational costs of the building with the Foundation having no obligations other than to pay the loan.

As noted at the February SBOE meeting, the Foundation has received a \$5,000,000 donation pledge for this facility. \$1,000,000 of that was received last month. The Foundation will have to borrow \$6,000,000 of the purchase price. Thus, the first year rental should be approximately \$300,000. The rent will then decrease each year as the remainder of the pledge is paid to the Foundation. This equates to a lease rate of \$3.75 per square foot in the first year (well below the average for comparable office space of approximately \$14 per square foot) and decreasing each year thereafter. The Foundation is currently actively fundraising for the remainder of the \$2,000,000 purchase price. Once the purchase money loan of the Foundation is paid in full, the Foundation will deed the property to the University.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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Supervalu and the Foundation have been negotiating a Purchase and Sale Agreement. Attachment 2 is the most recent version of the Purchase and Sale Agreement.

IMPACT

The most important impact is that this location will serve as the home of the University's first dedicated research park. The location is ideal for non-laboratory research space. The University is already identifying the appropriate research activities to relocate to this facility. Previously, the future location for this type of research park was slated for the West Campus. However, this location is closer to the University and its research activities.

In addition, this location will temporarily house several University functions that do not require location on the main campus and thereby free up space on the main campus for instructional needs. Examples include KBSU Radio and the Division of Extended Studies, including the Osher Lifelong Learning Institute.

ATTACHMENTS

Attachment 1 Land & Building Lease	Page 5
Attachment 2 Purchase & Sale Agreement	Page 9

STAFF AND COMMENTS AND RECOMMENDATIONS

At its February meeting, the Board approved the request by Boise State University to proceed with the preparation of a lease of the property for Board review and approval at the April 2008 meeting.

The University will lease the property from the Foundation for three years and the University will pay the amount needed for the interest only on the Foundation loan. The lease rate of \$3.75 per square foot, and decreasing each year thereafter, will be cost effective to the university.

The Foundation is currently actively fundraising for the remaining \$2,000,000 of the \$7,000,000 purchase price.

Pursuant to Board policy V.I.b. and Idaho Code 67-5708, leases are acquired by and through the Department of Administration. Boise State University plans to submit the lease to the Department for approval once it is finalized.

Staff recommends approval.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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BOARD ACTION

A motion to approve the request by Boise State University to enter into a lease with the Boise State University Foundation for the building located at 220 Parkcenter Boulevard in Boise and to approve the University purpose underlying the Foundation's acceptance of the gift portion of the property.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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**LAND AND BUILDING LEASE
BETWEEN THE BOISE STATE UNIVERSITY FOUNDATION, INC. AND
BOISE STATE UNIVERSITY**

This Agreement is made and entered into this ____ day of _____, 2007, and is effective as of the start date provided for herein, by and between Boise State University, a state institution of higher education, and the Boise State University Foundation, Inc, a non-profit corporation and State Board of Education recognized affiliated foundation of Boise State University.

RECITALS

WHEREAS, Boise State University (the "University") and Boise State University Foundation, Inc. (the "Foundation") are mutually interested in the acquisition of the real property located at 220 Park Center Boulevard, in Boise City, Ada County, Idaho; and,

WHEREAS, the University and the Foundation work cooperatively on numerous issues related to the goals of Boise State University; and,

WHEREAS, the University and Foundation agreed to cooperatively enter into a transaction where the Foundation will acquire 220 Park Center Boulevard and provide such property for University use as long as the University covered all the costs of the acquisition and operation of the property during the University's use and occupation of the Property;

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants above recited and herein contained, the parties hereby agree as follows:

1. The Foundation shall acquire a parcel of land consisting of approximately 8 acres with a building of approximately 80,000 square feet located at 220 Park Center Boulevard, in Boise City, Ada County, Idaho (the "Property").
2. The cash purchase price of the Property is \$7,000,000. The Foundation has received a pledge of \$5,000,000 towards the purchase price with \$1,000,000 of that amount already paid to the Foundation. The Foundation shall apply the \$1,000,000 already donated to it for the purchase of the property and shall finance the remaining \$6,000,000 via interest only loan at no greater than 5% per year interest.
3. The Foundation shall apply all future donations that are designated toward the purchase of the Property to the principle of the purchase money loan.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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4. The Foundation shall lease the Property to the University and provide the University with the quiet enjoyment of the Property during the term of this lease.
5. The University shall, as rent, pay the interest accrued on the purchase money loan as such sums becomes due to the Foundation.
 - a. By way of example, if the outstanding loan balance in year one is \$6,000,0000 and the interest rate is 5% then the University shall pay \$300,000 in rent that year, but if the outstanding loan balance in year two of the lease is paid down to a sum of \$5,000,000 then the rent payment obligation of the University will be \$250,000 for that year.
 - b. The intent of the parties is that the University cover all, but only all and no more, of the Foundation's interest obligation on its purchase money loan for the Property.
 - c. Once the purchase money loan is paid in full by the Foundation, the Foundation will immediately deed the Property in fee simple to the University for no additional consideration.
6. The University will take immediate possession of the Property as soon as ownership is acquired by the Foundation and such date shall be the first day of this lease. The University shall remain in continuous, uninterrupted possession and control of the parcel post closing and through the term of the lease provided for herein.
7. The initial term of this lease shall be for three years from its start date. Nothing herein shall be construed as to prohibit the parties to extend the term of this lease by mutual agreement.
8. The University shall use the property for any purpose that constitutes an operation or function of the University as allowed by law.
9. The University shall be responsible for all insurance for the Property. The University shall bear all risk of loss of the improvements on the Property. The University shall cause, at its expense, sufficient insurance to be in place at all times as to fully satisfy the Foundation's purchase money loan obligation. If the buildings or improvements are destroyed or rendered unable by an event covered by the University's insurance, the proceeds of such insurance in an amount to repay the Foundation's purchase money loan shall be payable to the Foundation as additional rent. The University will provide adequate liability insurance for the property.
10. The University does hereby agree to indemnify and defend the Foundation from and against any and all claims in any way related to the Property or its use by any person or entity. Nothing in this agreement shall be construed as to obligate the University beyond the limits of the Idaho Tort Claims Act.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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11. The University shall be responsible for all maintenance, repair and operational expenses of the Property. The University shall use its sole discretion in what maintenance or repair is required and shall perform the same at its own expense. All costs, utilities, assessments or any other obligation associated with the use and occupation of the Property shall be borne by the University. The University shall be allowed to make such changes or improvements to the Property as it sees fit, so long as the changes or improvements themselves do not cause the value of the Property to fall below the purchase money loan obligation of the Foundation.
12. The University shall have the right to name and provide signage to the Property in its sole discretion.
13. The Foundation shall have no duty whatsoever as landlord for the condition of the premises and all such duties or responsibilities are hereby assumed by the University. The Foundation's sole duties are those specifically set forth herein.
14. The University has conducted its own investigation and review of the Property with its own experts. The Foundation makes no representations of warranties of any kind regarding the Property. The University is leasing the Property in as-is condition.
15. The parties agree that the advent of litigation between the two arising from the terms of this agreement will be a waste of resources. As such the parties agree that any disputes that arise from this agreement will be resolved by the appropriate staff of the parties. If the staff cannot resolve the dispute, then the dispute will be referred to the President of the Foundation and the President of the University. If the Presidents cannot resolve the dispute, then the dispute will be referred to the Executive Committee of the Foundation and the President of the State Board of Education for resolution. If they are unable to resolve the dispute, the parties shall hire a mutually acceptable mediator to help resolve the dispute. If and only if all the above steps are followed in sequence and the dispute remains unresolved shall either party have the right to initiate litigation arising from this Agreement.
16. This Agreement is subject to the approval of the State Board of Education.

Boise State University

By: Stacy Pearson
Its: Vice President of Finance and Administration
DATED: _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
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The Boise State University Foundation

By: _____
Its: _____
DATED: _____

Purchase and Sale Agreement
Between Supervalu and the Foundation

DRAFT

**AGREEMENT OF PURCHASE, SALE
AND CHARITABLE DONATION**
(ABS #70008 – 220 Parkcenter Blvd., Boise, Idaho)

THIS **AGREEMENT OF PURCHASE, SALE AND CHARITABLE DONATION** ("**Agreement**") is made and entered into as of the ____ day of _____, 2008 ("**Effective Date**"), by and between **NEW ALBERTSON'S, INC.**, a Delaware corporation ("**Seller/Donor**") and **BOISE STATE UNIVERSITY FOUNDATION, INC.**, an Idaho corporation ("**Buyer/Donee**"), collectively, the "**Parties**" and individually, a "**Party**."

RECITALS:

This Agreement is entered into upon the basis of the following facts, understandings and intentions of the Parties:

A. Seller/Donor is the owner of certain real property located in the City of Boise, County of Ada, State of Idaho, consisting of approximately 8.3 acres of real property, as more particularly described on **Exhibit A** attached hereto and made a part hereof, together with all easements, rights and appurtenances to the real property and all improvements located on the real property, including, but not limited to, a building of approximately 83,000 square feet and all fixtures (collectively, the "**Property**"), but excluding all personal property, furniture and equipment located on the Property.

B. Seller/Donor desires to sell the Property to Buyer/Donee and Buyer/Donee desires to purchase the Property from Seller/Donor on the terms and conditions set forth herein.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and promises of the Parties set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **AGREEMENT OF PURCHASE AND SALE.** Subject to all of the provisions of this Agreement, Seller/Donor agrees to sell to Buyer/Donee, and Buyer/Donee agrees to purchase from Seller/Donor the Property.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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2. PURCHASE PRICE.

2.1 **The Purchase Price.** The Seller/Donor commissioned an appraisal of the Property by Integra Realty Resources dated January 30, 2008, that determined that the fair market value of the Property is Ten Million Fifty Thousand and 00/100 Dollars (\$10,050,000.00) ("**Fair Market Value**"). Buyer/Donee hereby agrees that the Fair Market Value is accurate. As partial consideration for the sale of the Property to Buyer/Donee, Buyer/Donee shall pay to Seller/Donor the sum of Seven Million and 00/100 Dollars (\$7,000,000.00) (the "**Cash Payment**"). Seller/Donor will make a charitable contribution of the difference between the Fair Market Value and the Cash Payment in the amount of Three Million Fifty Thousand and 00/100 Dollars (\$3,050,000.00) ("**Charitable Donation**"). The Cash Payment, less the Earnest Money [defined later] deposited in escrow pursuant to **Section 2.2** below and plus or minus prorations as hereinafter provided, shall be paid in cash at Closing [defined later].

2.2 Earnest Money.

2.2.1 Buyer/Donee shall, within five (5) business days after the Effective Date, deposit the sum of One Hundred Thousand and 00/100 Dollars (\$100,000.00) with Escrow Holder [defined later] as earnest money to be applied against the Cash Payment at Closing. This sum is referred to in this Agreement as the "**Earnest Money**." The Earnest Money is absolutely non-refundable, except as provided in **Sections 3.1.6** (dealing with title review), **3.3.3** (dealing with Buyer/Donee's determination regarding use), **7.2** (dealing with environmental investigations), **9** (dealing with condemnation and casualty), and **11.1** (dealing with certain defaults of Seller/Donor) of this Agreement.

2.2.2 The Earnest Money shall be represented by cash (or a cashier's check payable to or wire transferred to the account of Escrow Holder) in the amount of the required payment. Escrow Holder is hereby instructed to deposit the Earnest Money in a federally-insured money market or other similar account, subject to immediate withdrawal, at a banking institution located in the state in which Escrow Holder's office is located or in such other financial institution as the Parties may mutually designate. If this transaction closes, the Earnest Money and any interest thereon shall be credited against the total Cash Payment. If the Earnest Money is forfeited to Seller/Donor as provided by this Agreement, the Earnest Money, with any interest earned thereon, shall be paid immediately to Seller/Donor. If Buyer/Donee is entitled at any time to a return of the Earnest Money, any interest earned on the Earnest Money shall be paid to Buyer/Donee.

2.3 **Disbursement at Closing.** Upon the Closing, all amounts to be paid at Closing according to this **Section 2**, less any closing costs payable by

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Seller/Donor, shall be disbursed to Seller/Donor in accordance with the Seller/Donor Closing Settlement Statement [defined later].

3. **BUYER/DONEE'S CONDITIONS PRECEDENT.** Buyer/Donor's obligation to purchase the Property is conditioned upon satisfaction of the following conditions, which may be waived in writing at any time by Buyer/Donor:

3.1 **Title Commitment.**

3.1.1 Within ten (10) days following the execution of this Agreement by Buyer/Donor and Seller/Donor, _____ Title Insurance Company ("**Title Insurer**") shall deliver a current commitment for a standard coverage (ALTA) owner's policy of title insurance (the "**Title Commitment**") on the Property to Buyer/Donor and Seller/Donor. The Title Commitment shall show the status of title to the Property as of the date of the Title Commitment and shall be accompanied by legible copies of all documents referred to in the Title Commitment.

3.1.2 Buyer/Donor shall review the Title Commitment and notify Seller/Donor in writing of Buyer/Donor's disapproval of any Schedule B exceptions shown thereon (the "**Disapproved Exceptions**") prior to the date which is thirty (30) days after the date of this Agreement. Buyer/Donor's failure to notify Seller/Donor in writing of its disapproval of any exception within such time period shall be deemed approval of such exception. The Disapproved Exceptions shall in no event include any of the Permitted Exceptions set forth in Section 5.

3.1.3 If on or before Closing, Title Insurer amends the Title Commitment to add any Schedule B exception (other than those matters previously approved or waived by Buyer/Donor and other than the Permitted Exceptions listed in **Section 5** below) in addition to the Schedule B exceptions shown in the Title Commitment (an "**Additional Exception**"), Title Insurer shall give both Buyer/Donor and Seller/Donor written notice thereof, and Buyer/Donor shall notify Seller/Donor in writing within five (5) days of Buyer/Donor's receipt of such notice of Additional Exceptions of Buyer/Donor's disapproval of any Additional Exception. Any Additional Exception which has been disapproved by Buyer/Donor as provided in this **Section 3** shall be considered a Disapproved Exception. Buyer/Donor's failure to notify Seller/Donor of its disapproval of any Additional Exception within such 5-day period shall be deemed approval of such Additional Exception.

3.1.4 Seller/Donor shall have ten (10) days from the date of receipt of any notice of disapproval to cause such Disapproved Exceptions to be removed from the Title Commitment or cause the Title Insurer to commit to insure against loss or damage that may be occasioned by such Disapproved Exceptions. However, Seller/Donor shall have no obligation

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to cause such Disapproved Exceptions to be removed from the Title Commitment or to cause the Title Insurer to commit to insure against loss or damage that may be occasioned by such Disapproved Exceptions.

3.1.5 Unless Seller/Donor notifies Buyer/Donee within the ten (10) day period provided in **Section 3.1.4** above that Seller/Donor has caused such Disapproved Exceptions to be removed from the Title Commitment or caused the Title Insurer to commit to insure against loss or damage that may be occasioned by such Disapproved Exceptions, Seller/Donor will conclusively be deemed to have elected not to cause such Disapproved Exceptions to be removed from the Title Commitment or to cause the Title Insurer to commit to insure against loss or damage that may be occasioned by such Disapproved Exceptions. In such event, Buyer/Donee shall notify Seller/Donor within five (5) days of a Notice Event [defined below] whether Buyer/Donee shall elect to (i) waive the Disapproved Exceptions and complete the acquisition of the Property in accordance with this Agreement, or (ii) terminate this Agreement, and if Buyer/Donee fails to give such notice within such time period, it shall conclusively be deemed that Buyer/Donee has elected the option in **subsection (i)** above. For purposes of this **Section 3.1.5**, "**Notice Event**" shall be that date which is the earlier to occur of (a) expiration of the 10-day cure period provided in **Section 3.1.4** above, and (b) the date Seller/Donor notifies Buyer/Donee that Seller/Donor does not intend to cause such Disapproved Exceptions to be removed from the Title Commitment or to cause the Title Insurer to commit to insure against loss or damage that may be occasioned by such Disapproved Exceptions.

3.1.6 If Buyer/Donee elects to terminate this Agreement as provided in this **Section 3.1**, then the Earnest Money shall be returned to Buyer/Donee, less the amount of all title and escrow cancellation fees, if any, payable by Buyer/Donee pursuant to **Section 6.8**, and the Parties shall have no further rights, obligations or liability hereunder, except as may be otherwise expressly provided herein.

3.1.7 The Date of Closing [defined later] shall be extended, as necessary, to permit the operation of the time periods provided in this **Section 3.1**.

3.2 **Title Policy.** Title Insurer shall be unconditionally prepared to issue to Buyer/Donee, as of the Closing, a standard (ALTA) owner's policy of title insurance in the full amount of the Fair Market Value insuring fee simple title to the Property to be vested in Buyer/Donee, subject to the Permitted Exceptions and Deed Restriction [defined later]. Upon the opening of the escrow as provided in **Section 6.2** below, Buyer/Donee shall have the option to deposit with Escrow Holder (a) an ALTA survey sufficient to cause Title Insurer to issue an ALTA extended coverage owner's policy of title insurance and such endorsements as Buyer/Donee shall deem necessary (collectively

"**Buyer/Donee's Endorsements**"), and (b) all such other and further items required by Title Insurer in order to issue such ALTA extended coverage policy of title insurance and such Buyer/Donee's Endorsements; ***provided, however***, that all such items shall be at Buyer/Donee's sole cost and expense and shall not delay the Closing; and ***provided, further***, that Buyer/Donee's inability to obtain such items shall not be a contingency to Closing.

3.3 General Inspection.

3.3.1 For a period expiring forty five (45) days following the Effective Date (the "**Inspection Contingency Period**"), Buyer/Donee and its agents shall have the right to make, at Buyer/Donee's sole cost and expense: (a) a physical inspection of the Property, including survey, soil tests, site analyses, examinations of any improvements on the Property and utility availability; (b) investigations regarding zoning and code requirements; (c) investigations regarding Buyer/Donee's ability to obtain or satisfy itself that it can obtain all necessary governmental approvals to allow Buyer/Donee to develop and use the Property for its intended use; and (d) an environmental investigation of the Property (subject to the terms and restrictions set forth in **Section 7** of this Agreement); ***provided, however***, that Buyer/Donee's activities hereunder shall not damage the Property or endanger, or otherwise constitute a nuisance to persons or property on, or in the vicinity of, the Property. The Earnest Money shall be refundable in accordance with **Section 3.3.3** below if this Agreement is terminated during the Inspection Contingency Period.

3.3.2 Seller/Donor hereby grants to Buyer/Donee a license to enter upon the Property during the Inspection Contingency Period solely for the foregoing purposes, at reasonable times acceptable to Seller/Donor, upon no less than twenty four (24) hours' prior verbal notice to Eric Holzer (208) 395-3617. Buyer/Donee's access to, and inspection of, the Property shall be at Buyer/Donee's sole risk and expense and Seller/Donor shall have no responsibility therefor. Buyer/Donee shall immediately repair any loss or damage to the Property caused by the acts or omissions of Buyer/Donee or Buyer/Donee's agents or contractors in connection with its inspection or testing of the Property hereunder. Buyer/Donee shall indemnify, defend and hold Seller/Donor (and any subsidiary or affiliate of Seller/Donor) harmless from and against any and all liability, loss, damage, cost or expense (including court costs and reasonable attorney's fees), of whatever nature and by whomever asserted, arising out of, resulting from or in any way connected with the acts or omissions of Buyer/Donee, its employees, agents, consultants or contractors in connection with Buyer/Donee's access to, and inspection of the Property hereunder and shall immediately cause the removal of any mechanics' liens resulting from such acts or omissions.

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3.3.3 If Buyer/Donee determines that the Property is not satisfactory for the uses contemplated by Buyer/Donee, then Buyer/Donee shall give written notice to Seller/Donor on or before the last day of the Inspection Contingency Period, which notice shall state the reasons why the Property is not satisfactory for Buyer/Donee's use. If Buyer/Donee gives such notice to Seller/Donor on or before expiration of the Inspection Contingency Period, the Earnest Money shall be returned to Buyer/Donee, less the amount of all title and escrow cancellation fees, if any, payable by Buyer/Donee pursuant to **Section 6.8**, and the Parties shall have no further rights, obligations or liability hereunder, except as may be otherwise expressly provided herein. If Buyer/Donee fails to deliver such termination notice on or before expiration of the Inspection Contingency Period, Buyer/Donee shall be conclusively deemed to have waived this condition and its right to terminate this Agreement pursuant to this **Section 3.3**.

3.4 **Approvals**. On or before Closing, Buyer/Donee must receive the approval of its Board of Directors for the purchase of the Property under the terms and conditions of this Agreement.

3.5 **Failure of a Condition**. Seller/Donor does not guaranty, warrant or represent that any of the conditions set forth in this **Section 3** shall be or can be satisfied, except to the extent that Seller/Donor is obligated under **Section 6.3.2** below to provide the Title Policy [as there defined]. Furthermore, Seller/Donor shall incur no liability or expense in connection with Buyer/Donee's ability or inability to satisfy any of such conditions, nor shall Seller/Donor be obligated to take any action, including, but not limited to, the elimination of any defect of title or the remedying of any condition of the Property, other than as required by **Section 6.3.2** below. Buyer/Donee agrees that any expenditure, commitment or other action taken by it pursuant to this Agreement, or otherwise in contemplation of the Closing, is taken at its own risk, and that no such expenditure, commitment or action shall obligate Seller/Donor to incur any liability to Buyer/Donee or any third party, against which liability Buyer/Donee expressly indemnifies Seller/Donor.

4. **SELLER/DONOR'S CONDITIONS PRECEDENT**. Seller/Donor's obligation to sell the Property is conditioned upon the following:

4.1 **Buyer/Donee's Obligations**. Buyer/Donee shall have performed all of its obligations set forth in this Agreement, including, without limitation, payment of the Cash Payment. If the foregoing condition is not satisfied, as determined by Seller/Donor in its sole and absolute discretion, Seller/Donor shall have the right to terminate this Agreement and retain the Earnest Money.

4.2 **Approvals**. On or before Closing, the transaction contemplated under this Agreement must be approved by Seller/Donor's management to include the Investment Council of SUPERVALU INC., and if determined by

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Seller/Donor in its sole discretion, the approval of the Board of Directors of SUPERVALU INC.

4.3 **Charitable Donation.** Seller/Donor must be entitled to receive a federal charitable contribution tax deduction for the Charitable Donation (in form and amount acceptable to Seller/Donor in its sole discretion) and it must have received all necessary (in the reasonable judgment of Seller/Donor) documentation in support of such deduction.

4.4 **Board Approvals.** On or before Closing, the Idaho State Board of Education (the "**State Board**") must approve (i) the use and occupancy of the Property by Boise State University (the "**University**"), and (ii) the Buyer/Donee's acceptance of the Charitable Donation. Buyer/Donee agrees to use reasonable efforts to obtain said approvals from the State Board on or before the State Board's April 2008 meeting

4.5 **Deed to University.** On or before Closing, the State Board must have agreed in writing acceptable to Seller/Donor, that Buyer/Donee will deed the Property to the University no later than when the Buyer/Donee's acquisition loan for the Property is paid in full, not to exceed five (5) years after the Date of Closing. On or before Closing, the University must have agreed in writing acceptable to Seller/Donor, that the University will accept a deed of the Property from Buyer/Donee once the Buyer/Donee's acquisition loan for the Property is paid in full.

4.6 **Memorandum of Understanding.** On or before Closing, and prior to recording of the Deed described in **Section 5** below, the Parties shall have executed the Memorandum of Understanding in the form attached hereto as **Exhibit B** (the "**Memorandum**").

5. **TITLE.** At Closing, Seller/Donor shall convey fee simple title to the Land to Buyer/Donee, or Buyer/Donee's nominee, by Special Warranty Deed which shall be in the form attached hereto as **Exhibit C**, which is incorporated herein by said reference (the "**Deed**"), subject to the following matters (except to the extent such matters [excluding the Deed Restriction (defined later)] have been objected to by Buyer/Donee and Seller/Donor has caused such matters to be removed from the Title Commitment or caused the Title Insurer to commit to insure against loss or damage that may be occasioned by such matters pursuant to **Section 3.1.4**) such matters being collectively referred to hereinafter as the "**Permitted Exceptions**": (i) private, public and utility easements; (ii) roads and highways, if any; (iii) real estate taxes and special taxes or assessments not due and payable on or before Closing or any installments of any special taxes or assessments not due and payable on or before Closing; (iv) rights of way; (v) drainage ditches, feeders, laterals, drain tile, pipes or other conduit; (vi) zoning and building laws and ordinances; (vii) all acts or omissions of Buyer/Donee or its agents; (viii) all matters approved or waived by Buyer/Donee pursuant to **Section 3.1** of this Agreement; (ix) the customary printed exceptions contained in the Title Insurer's standard form of title policy; (x) all other matters of record; (xi) all matters which would

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be disclosed by a survey or physical inspection of the Property, and (xii) a deed restriction to be a burden on the Property for a period of sixty five (65) years from the Date of Closing (the "**Deed Restriction**") prohibiting the Property from being used or occupied: (a) as a supermarket (which shall be defined as any store or department containing at least 1,500 square feet of floor area, including aisle space and storage, primarily devoted to the retail sale of food for off-premises consumption), drug store or any combination thereof; (b) as a bakery or delicatessen; (c) for the sale of fresh or frozen meat, fish, poultry or produce for off-premises consumption; (d) for the sale of alcoholic beverages for off-premises consumption; (e) as a cigarette or smoke shop or any other store the primary business of which is to sell tobacco products and/or accessories; (f) as a convenience store (which shall be defined as any self-contained area or building primarily devoted to the sale of any or all of the following items: food, beverages, grocery items and/or tobacco products); (g) for the sale or offer for sale of any pharmaceutical products requiring dispensation through a pharmacy or the services of a registered or licensed pharmacist; (h) for the sale or offer for sale of petroleum; or (i) as a dollar store (which shall be defined as any store primarily devoted to the deep-discount retail sale of general merchandise and/or food for off-premises consumption including, without limitation, single price point retailers such as All-a-Dollar, 99 Cents Only, Family Dollar, Greenbacks, Dollar General and Big Lots). The Deed Restriction shall run with the Land and shall be for the benefit of Seller/Donor, its successors, assigns and affiliated entities.

6. CLOSING.

6.1 **Date of Closing.** The closing of the transaction contemplated by this Agreement (the "**Closing**") shall take place at the office of _____, Attn: _____ ("**Escrow Holder**") on the first business day in August, 2008. The date on which this transaction is scheduled to close pursuant to this **Section 6.1** is sometimes referred to in this Agreement as the "**Date of Closing.**" Seller/Donor may extend the Date of Closing until the first business day of September, 2008, if needed to vacate the Property as determined by Seller/Donor in its reasonable discretion, by giving written notice to the Buyer/Donee.

6.2 **Escrow Closing.** The Seller/Donor shall establish, within five (5) business days after receipt by Seller/Donor of a fully executed original of this Agreement, an escrow with Escrow Holder by depositing a draft of this Agreement with Escrow Holder, and Escrow Holder is hereby engaged to administer the escrow. By accepting this escrow, Escrow Holder agrees to the terms of this Agreement as they relate to the duties of Escrow Holder. This Agreement constitutes escrow instructions to the Escrow Holder and a copy shall be deposited with Escrow Holder for this purpose. If there are conflicts between the terms of this Agreement and the terms of either Party's escrow instructions, the terms of this Agreement shall control.

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6.3 **Seller/Donor's Obligations.** At Closing, Seller/Donor shall undertake the following:

6.3.1 **Deed.** Execute, acknowledge, and deliver to Escrow Holder the Deed contemplated by **Section 5** above, duly signed and acknowledged by Seller/Donor conveying fee simple title to the Property subject to the Permitted Exceptions and Deed Restriction.

6.3.2 **Title Insurance.** Cause Title Insurer to be unconditionally prepared to issue to Buyer/Donee a standard ALTA owner's policy of title insurance (the "**Title Policy**"), dated as of the Date of Closing, on the standard form in an insured amount equal to the Fair Market Value, insuring that title to the Property is vested in Buyer/Donee subject to the Permitted Exceptions and Deed Restriction.

6.3.3 **Memorandum.** Execute, acknowledge and deliver to Escrow Holder the Memorandum.

6.3.4 **Possession.** Deliver possession of the Property subject to the Permitted Exceptions and Deed Restriction at the close of escrow.

6.3.4 **Non-Foreign Affidavit.** Execute and deliver to Escrow Holder a certificate of non-foreign status in accordance with Section 1445 of the U.S. Internal Revenue Code.

6.3.5 **Additional Documents.** Execute, acknowledge as appropriate, and deliver to Escrow Holder such other documents as may be necessary or appropriate to transfer and convey all of the Property to Buyer/Donee and to otherwise consummate this transaction in accordance with the terms of this Agreement.

6.4 **Buyer/Donee's Obligations.** At Closing, Buyer/Donee shall undertake the following:

6.4.1 **Payment of Cash Payment.** Pay to Escrow Holder, in cash or by wire transfer of ready funds, for disbursement pursuant to **Section 2.3** above, the balance of the Cash Payment.

6.4.2 **Memorandum.** Execute, acknowledge and deliver to Escrow Holder the Memorandum.

6.4.3 **Deed.** Execute, acknowledge, and deliver to Escrow Holder the Deed contemplated by **Section 5** above, duly signed and acknowledged by Buyer/Donee conveying fee simple title to the Property subject to the Permitted Exceptions and Deed Restriction.

6.4.4 **Additional Documents.** Execute, acknowledge as appropriate, and deliver to Escrow Holder such other documents as may

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be necessary or appropriate to consummate this transaction in accordance with the terms of this Agreement.

6.5 Prorations.

6.5.1 **Prorations.** General and special real estate and other ad valorem taxes and assessments ("**Taxes**"), and charges for utilities or other charges with respect to the Property, including, without limitation, charges under the Declaration of Covenants, Conditions and Restrictions dated January 31, 1978, if any, shall be prorated as of the Date of Closing based upon the most recently ascertainable amounts of each such item (except that Taxes shall be prorated based upon One Hundred Five percent (105%) of the most recently ascertainable amount thereof and such proration shall be final.) Buyer/Donee and Seller/Donor agree that the proration of utilities and other charges shall be adjusted as between Buyer/Donee and Seller/Donor within a reasonable time after the exact amount of utilities and such other charges for proration purposes is ascertained, and this obligation to adjust the proration of utilities and other charges shall survive the Closing.

6.5.2 **Basis of Prorations.** All prorations and/or adjustments called for in this Agreement will be made on the basis of a 365-day calendar year unless otherwise specifically agreed in writing by Seller/Donor and Buyer/Donee.

6.5.3 **Payments and Disbursements to Be Handled Through the Escrow.** The various charges, credits and prorations contemplated by this Agreement will be handled by Escrow Holder through the escrow by appropriate charges and credits to Buyer/Donee and Seller/Donor and will be reflected in the Seller/Donor Closing Settlement Statement [defined later] or the Buyer/Donee Closing Settlement Statement [defined later], as appropriate. All amounts payable pursuant to this Agreement will be paid to Escrow Holder for disposition through the escrow. Escrow Holder is authorized to make all disbursements to the Parties and to third parties contemplated by this Agreement from funds deposited for those purposes, as necessary or appropriate to close this transaction and as set forth in the Seller/Donor Closing Settlement Statement and the Buyer/Donee Closing Settlement Statement.

6.5.4 **Closing Statements.** Prior to Closing, Escrow Holder will prepare separate closing settlement statements for Seller/Donor and Buyer/Donee, reflecting the various charges, prorations and credits applicable to such Party, as provided in this Agreement, and provide Seller/Donor with a copy of Seller/Donor's closing settlement statement and Buyer/Donee with a copy of Buyer/Donee's closing settlement statement. Prior to Closing, Seller/Donor shall have the right to review and approve its closing settlement statement to insure that such

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settlement statement conforms to the terms of this Agreement, and the settlement statement for Seller/Donor, as approved by Seller/Donor, is referred to in this Agreement as the "**Seller/Donor Closing Settlement Statement.**" Prior to Closing, Buyer/Donee shall have the right to review and approve its closing settlement statement to insure that such settlement statement conforms to the terms of this Agreement, and the settlement statement for Buyer/Donee, as approved by Buyer/Donee, is referred to in this Agreement as the "**Buyer/Donee Closing Settlement Statement.**"

6.6 **Seller/Donor's Costs.** Seller/Donor shall pay:

6.6.1 The cost for the standard Title Policy premium (excluding the cost of any extended coverage elected by Buyer/Donee, Buyer/Donee's Endorsements or additional coverages elected by Buyer/Donee).

6.6.2 One-half ($\frac{1}{2}$) of the escrow fees.

6.6.3 One-half ($\frac{1}{2}$) of all transfer taxes or fees, sales taxes, stamp taxes, and excise taxes.

6.6.4 The fees and expenses of Seller/Donor's attorneys, accountants, engineers, consultants and designated representatives.

6.7 **Buyer/Donee's Costs.** Buyer/Donee shall pay:

6.7.1 All recording fees.

6.7.2 One-half ($\frac{1}{2}$) of the escrow fees.

6.7.3 The cost of all title insurance premiums for Buyer/Donee's Endorsements or additional coverages requested by Buyer/Donee, including the ALTA extended coverage portion of the Title Policy premium, if any.

6.7.4 One-half ($\frac{1}{2}$) of all transfer taxes or fees, sales taxes, stamp taxes, and excise taxes.

6.7.5 The fees and expenses of Buyer/Donee's attorneys, accountants, agents and designated representatives.

6.8 **Escrow Cancellation Charges.** Except as otherwise set forth in this Agreement, if the escrow fails to close because of Seller/Donor's default, Seller/Donor shall be liable for all customary escrow cancellation charges. If the escrow fails to close because of Buyer/Donee's default or Buyer/Donee's termination of this Agreement as permitted hereunder, Buyer/Donee shall be liable for all customary escrow cancellation charges. Notwithstanding the foregoing, if either Party terminates this Agreement pursuant to **Section 7.2**

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(dealing with environmental investigations) or **Section 9** (dealing with condemnation and casualty), Seller/Donor and Buyer/Donee shall each be liable for one-half (1/2) of all customary escrow cancellation charges. If the escrow fails to close for any other reason, Seller/Donor and Buyer/Donee shall each be liable for one-half (1/2) of all customary escrow cancellation charges.

6.9 **IRS Reporting at Closing.** Escrow Holder agrees to be the designated "reporting person" under § 6045(e) of the U.S. Internal Revenue Code with respect to the real estate transaction described in this Agreement and to prepare, file and deliver such information, returns and statements as the U.S. Treasury Department may require by regulations or forms in connection therewith, including Form 1099-B.

7. CONDITION OF PROPERTY.

7.1 **No Representations.** Buyer/Donee hereby affirms that Seller/Donor, its agents, employees and/or attorneys have not made, nor has Buyer/Donee relied upon, any representation, warranty, or promise with respect to the Property or any other subject matter of this Agreement except as expressly set forth in this Agreement, including, without limitation, any warranties or representations, expressed or implied, as to (a) the general plan designation, zoning, value, use, tax status or physical condition of the Property, or any part thereof, including but not limited to the flood elevations, drainage patterns and soil and subsoils composition and compaction level, and other conditions at the Property; (b) the existence or non-existence of Hazardous Materials [defined later] on or under the Property; or (c) the accuracy of any survey, soils report or other plan or report with respect to Property. Without limiting the generality of the foregoing, Buyer/Donee is purchasing the Property from Seller/Donor in an "**AS IS**" "**WHERE IS**" CONDITION, SUBJECT TO "**ALL FAULTS**," INCLUDING BUT NOT LIMITED TO BOTH LATENT AND PATENT DEFECTS. BUYER/DONEE HEREBY WAIVES ALL WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE CONDITION AND USE OF THE PROPERTY INCLUDING, BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Seller/Donor's Initials: _____ Buyer/Donee's Initials: _____

Buyer/Donee acknowledges that it will inspect the Property and otherwise undertake to perform investigations of the Property in accordance with this Agreement, and subject to the terms of this Agreement, Buyer/Donee shall purchase the Property without adjustment to or offset against the Cash Payment or Charitable Donation.

7.2 Environmental Due Diligence.

7.2.1 Buyer/Donee shall have the right, but not the obligation, to perform environmental due diligence with respect to the Property during

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the Inspection Contingency Period. If Buyer/Donee desires to perform environmental due diligence with respect to the Property which causes the surface of the ground to be penetrated in any manner for any purpose (such as soils tests, etc., or involves collecting samples of any material contained in the Building,) it shall first request Seller/Donor's written approval for such investigation and Seller/Donor's approval shall not be unreasonably withheld or delayed. Such environmental inspections shall be performed by a qualified individual or firm ("**Inspector**"). The results of Buyer/Donee's inspections, if any, relating to Hazardous Materials, shall be promptly provided to both Buyer/Donee and Seller/Donor. Either Party may terminate this Agreement as a result of the Inspector's report which confirms the actual or probable presence of Hazardous Materials on, under or in any area of the Property provided such termination is made prior to the end of the Inspection Contingency Period in which case the Earnest Money will be refunded to Buyer/Donee, less the amount of all title and escrow cancellation fees, if any, payable by Buyer/Donee pursuant to **Section 6.8**. Except as provided below in this **Section 7.2.1**, no information or contents of any environmental reports or analyses (oral or written), nor the results of any inspection of the Property for Hazardous Material (collectively, "**Information**") shall be disclosed by Buyer/Donee or its agents, contractors or employees to any third party without Seller/Donor's prior written approval, unless and until Buyer/Donee is legally compelled to make such disclosure under applicable law (in which event Buyer/Donee shall first provide Seller/Donor an opportunity to obtain a protective order), or until Buyer/Donee completes its purchase of the Property pursuant to this Agreement. Notwithstanding the foregoing prohibition on disclosure of the Information, Buyer/Donee may disclose the Information on a need to know basis to officers, directors, employees, partners, beneficiaries, agents, and affiliates of Buyer/Donee, and Buyer/Donee's lender, for the purpose of evaluating the transaction described in this Agreement, provided that (a) Buyer/Donee shall inform such lender, officers, directors, employees, partners, beneficiaries, agents, and affiliates of the confidential nature of the Information, and (b) Buyer/Donee shall cause such lender, officers, directors, employees, partners, beneficiaries, agents, and affiliates to be bound by the terms and conditions of this **Section 7.2**. If this Agreement is terminated for any reason, Buyer/Donee shall immediately deliver to Seller/Donor any and all documents, plans and other items furnished to Buyer/Donee or any reports or analyses created or obtained by Buyer/Donee or the Inspector pursuant to this **Section 7.2**, without retaining copies thereof. All studies, data, reports, analyses, writings and communications, including any environmental studies or reports, shall be generated by the Inspector for the use of Buyer/Donee's and Seller/Donor's attorneys and, to the fullest extent permitted by law, shall be the work product of both Buyer/Donee's and Seller/Donor's respective attorneys and shall constitute confidential,

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attorney-client communications and each Party shall use its best efforts to ensure that such confidence and privilege is maintained.

7.2.2 For purposes of this Agreement, "**Hazardous Materials**" means any substance or material which is defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous waste", "acutely hazardous wastes", "restricted hazardous waste", "toxic substances", or "known to cause cancer or reproductive toxicity" (or words of similar import), petroleum products (including crude oil or any fraction thereof), PCBs, ureaformaldehyde, lead-based paint, asbestos containing materials or any other chemical, substance or material which is prohibited, limited or regulated under any federal, state or local law, ordinance, regulation, order, permit, license, decree, common law, or treaty now or hereafter in force regulating, relating to or imposing liability or standards concerning materials or substances known or suspected to be toxic or hazardous to health or safety, the environment or natural resources.

7.3 Environmental Indemnity and Release. Buyer/Donee expressly assumes the risk that any Hazardous Material is or hereafter may be located on the Property. BUYER/DONEE AGREES FROM AND AFTER THE CLOSING, TO INDEMNIFY, DEFEND AND HOLD HARMLESS, AND HEREBY FOREVER RELEASES AND DISCHARGES SELLER/DONOR AND ANY SUBSIDIARY OR AFFILIATE OF SELLER/DONOR, THEIR DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES AND AGENTS, FROM AND AGAINST ANY AND ALL JUDGMENTS, CLAIMS, EXPENSES (INCLUDING ATTORNEYS' AND OTHER CONSULTANTS' REASONABLE FEES AND COSTS), CAUSES OF ACTION, DAMAGES, LIABILITIES, INCLUDING WITHOUT LIMITATION, (A) ALL FORESEEABLE AND ALL UNFORESEEABLE CONSEQUENTIAL DAMAGES, DIRECTLY OR INDIRECTLY ARISING OUT OF THE USE, GENERATION, STORAGE, DISPOSAL, RELEASE OR THREATENED RELEASE OF HAZARDOUS MATERIALS ON THE PROPERTY AND (B) THE COST OF ANY REASONABLY NECESSARY INVESTIGATION, REPAIR, CLEANUP, REMEDIATION OR DETOXIFICATION OF THE PROPERTY AND OTHER AFFECTED PROPERTY AND THE PREPARATION OF ANY CORRECTIVE ACTION, CLOSURE OR OTHER REQUIRED PLANS OR REPORTS TO THE FULL EXTENT THAT SUCH ACTIONS ARE ALLEGED TO BE ATTRIBUTABLE, DIRECTLY OR INDIRECTLY, TO THE PRESENCE OR USE, GENERATION, STORAGE, RELEASE, THREATENED RELEASE, OR DISPOSAL OF HAZARDOUS MATERIALS BY ANY PERSON INCLUDING SELLER/DONOR AND RELATE TO OR INVOLVE THE PROPERTY.

Seller/Donor's Initials: _____ Buyer/Donee's
Initials: _____

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8. **COMMISSIONS.** Except for J. Martin Igo of The Igo Company ("**Seller/Donor's Broker**"), Seller/Donor represents that it has not entered into any contracts with any brokers or finders nor has Seller/Donor obligated itself to pay any real estate commissions or finders' fees on account of the execution of this Agreement or the close of the transaction contemplated hereby. Except for Colliers Paragon LLC of Boise, Idaho ("**Buyer/Donee Broker**"), Buyer/Donee represents that it has not entered into any contracts with any brokers or finders nor has Buyer/Donee obligated itself to pay any real estate commissions or finders' fees on account of the execution of this Agreement or the close of the transaction contemplated hereby except Broker. Based on such representations, Buyer/Donee and Seller/Donor hereby agree to indemnify, defend and hold each other harmless from any claims, damages, expenses, liabilities, liens or judgments (including costs, expenses and attorneys' fees in defending the same) which arise on account of any claim made by any person or entity, other than those set forth above (if any), for commissions or finders' fees with respect to the transaction contemplated hereby due to the breach of any of the representations and warranties made by the indemnifying Party in this **Section 8**. This indemnification shall survive the Closing or the cancellation and termination of this Agreement. Seller/Donor agrees that at Closing it shall pay a commission according to a separate agreement dated July 19, 2007 with Seller/Donor's Broker, under which Seller/Donor's Broker and Buyer/Donee's Broker shall each receive one-half (1/2) of such commission payment.

9. **CONDEMNATION.** If during the term of this Agreement and prior to Closing, any entity having the power of condemnation initiates proceedings to acquire by condemnation any portion of or interest in the Property (a "**Taking**"), which Taking materially and adversely affects Buyer/Donee's intended use of the Property, then either Party shall have the right to terminate this Agreement by notice ("**Taking Notice**") to the other Party given prior to the earlier of (a) thirty (30) days following the date notice of such proceeding is given to Seller/Donor by the entity initiating such proceeding or (b) the Date of Closing; and Buyer/Donee shall be entitled to the return of the Earnest Money, less the amount of all title and escrow cancellation fees, if any, payable by Buyer/Donee pursuant to **Section 6.8**. If either (i) a Taking occurs and no Taking Notice is given prior to the applicable date, or (ii) the Taking is not of a nature as to create a right in either Party to terminate this Agreement, this Agreement shall not terminate nor shall the Cash Payment or Charitable Donation be reduced, but such proceeding and any condemnation relating thereto shall constitute a Permitted Exception and Seller/Donor shall assign to Buyer/Donee at Closing any and all rights Seller/Donor may have in such proceeding with respect to the Property and any condemnation award relating thereto.

10. **NOTICES.** All notices, requests, demands, and other communications hereunder shall be in writing and shall be given by (a) established express delivery service which maintains delivery records, (b) hand delivery, or (c) certified or registered mail, postage prepaid, return receipt requested, to the Parties at the following addresses, or to such other or additional persons or at such other address as the Parties may designate by written notice in the above manner:

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To Seller/Donor: New Albertson's, Inc.
c/o SUPERVALU INC.
P.O. Box 20, Boise, Idaho 83726 (*mailing address*)
250 Parkcenter Blvd., Boise, Idaho 83726 (*street address*)
Attn: Brad Beckstrom (ABS #70008)
Fax No.: (208) 395-6575

To Buyer/Donee: Boise State University Foundation, Inc.

Attn: _____
Fax No.: (____) ____-____

Communications may also be given by fax, provided the communication is concurrently given by one of the above methods. Notices are effective upon receipt, or upon attempted delivery if delivery is refused or if delivery is impossible because of the recipient's failure to provide a reasonable means for accomplishing delivery.

11. DEFAULT.

11.1 **Seller/Donor's Default.** If Seller/Donor defaults in the performance of its obligations under this Agreement, then Buyer/Donee shall be entitled to either: (i) terminate this Agreement and obtain a refund of the Earnest Money; or (ii) sue for specific performance.

11.2 **Buyer/Donee's Default.** **THE PARTIES ACKNOWLEDGE AND AGREE THAT SELLER/DONOR WILL SUFFER SUBSTANTIAL DAMAGES IF BUYER/DONEE DEFAULTS IN ITS OBLIGATION TO TIMELY COMPLETE THE PURCHASE OF THE PROPERTY BY THE DATE OF CLOSING IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT. GIVEN FLUCTUATIONS IN LAND VALUES, THE UNPREDICTABLE STATE OF THE ECONOMY AND OF GOVERNMENTAL LOANS AND OTHER FACTORS WHICH DIRECTLY AFFECT THE VALUE AND MARKETABILITY OF THE PROPERTY, THE PARTIES REALIZE THAT IT WILL BE EXTREMELY DIFFICULT AND IMPRACTICAL, IF NOT IMPOSSIBLE, TO ASCERTAIN WITH ANY DEGREE OF CERTAINTY THE ACTUAL AMOUNT OF SELLER/DONOR'S DAMAGES IN THE EVENT OF SUCH DEFAULT BY BUYER/DONEE. THEREFORE, THE PARTIES HEREBY AGREE THAT THE \$100,000 EARNEST MONEY DEPOSIT, PLUS INTEREST EARNED THEREON REPRESENTS A REASONABLE ESTIMATE OF SUCH DAMAGES, CONSIDERING ALL THE CIRCUMSTANCES EXISTING ON THE DATE OF EXECUTION OF THIS AGREEMENT, AND THAT SELLER/DONOR SHALL HAVE THE RIGHT TO RETAIN THE FULL AMOUNT OF THE EARNEST MONEY PLUS INTEREST EARNED THEREON AS LIQUIDATED DAMAGES, AS SELLER/DONOR'S SOLE RIGHT TO DAMAGES AS A RESULT OF BUYER/DONEE'S DEFAULT. SELLER/DONOR WAIVES ALL RIGHTS**

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SELLER/DONOR OTHERWISE MAY HAVE BY LAW TO SPECIFICALLY ENFORCE THIS AGREEMENT. BY SIGNING ITS INITIALS BELOW, EACH PARTY CONFIRMS ITS CONSENT TO AND AGREEMENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Seller/Donor's Initials:_____ Buyer/Donee's Initials:_____

11.3 **Notice.** Neither Party shall be deemed to be in default under this Agreement except upon the expiration of thirty (30) days (ten [10] days in the event of failure to pay money) from receipt of written notice from the other Party specifying the particulars in which such Party has failed to perform its obligations (or breached any of its representations or warranties) under this Agreement unless such Party, prior to expiration of said thirty (30) days period (ten [10] days in the event of failure to pay money), has rectified the particulars specified in said notice of default.

12. **ATTORNEYS' FEES.** If a Party commences any proceeding to enforce any of the terms of this Agreement, the prevailing Party in such action shall have the right to recover reasonable attorneys' fees and costs from the other Party to be fixed by the arbitration panel.

13. **MEDIATION/ARBITRATION**

13.1 **Dispute.** Any controversy, claim or dispute of whatever nature arising between the Parties, including those arising out of or relating to any agreement between the parties or the breach, termination, enforceability, scope or validity thereof, whether such claim existed prior to or arises on or after the date of this Agreement (a "**Dispute**"), shall be resolved by mediation or, failing mediation, by binding arbitration.

13.2 **Mediation.** Neither party shall commence an arbitration proceeding pursuant to the provisions set forth below unless such party shall first give a written notice (a "**Dispute Notice**") to the other party setting forth the nature of the Dispute. The parties shall attempt in good faith to resolve the Dispute by mediation under the CPR Institute for Dispute Resolution ("**CPR**") Model Mediation Procedure for Business Disputes in effect at the time of this Agreement. If the parties cannot agree on the selection of a mediator within 20 days after receipt of the Dispute Notice, the mediator will be selected in accordance with the CPR Procedure.

13.3 **Arbitration.** If the Dispute has not been resolved by mediation as provided above within 60 days after receipt of the Dispute Notice, or if a party fails to participate in mediation, then the Dispute shall be determined by binding arbitration in Boise, Idaho. The arbitration shall be conducted in accordance with such rules as may be agreed upon by the parties, or failing agreement within 30 days after arbitration is demanded, in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("**AAA**") in effect on the

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Execution Date, subject to any modifications contained in this Agreement. The Dispute shall be determined by one arbitrator, except that if the Dispute involves an amount in excess of \$1,000,000.00 (exclusive of interest and costs), three arbitrators shall be appointed.

Persons eligible to serve as arbitrators shall be members of the AAA large, Complex Case Panel or a CPR Panel of Distinguished Neutrals, or who have professional credentials similar to those persons listed on such AAA or CPR panels. The arbitrator(s) shall base the award on the applicable law and judicial precedent which would apply if the Dispute were decided by a United States District Judge and the arbitrator shall have no authority to render an award which is inconsistent therewith. The award shall be in writing and include the findings of fact and conclusions of law upon which it is based.

Unless the parties agree otherwise, discovery will be limited to an exchange of directly relevant documents and a maximum of three (3) depositions. The arbitrator(s) shall resolve any discovery disputes. The arbitrator(s) and counsel of record will have the power of subpoena process as provided by law. The parties knowingly and voluntarily waive their rights to have any Dispute tried and adjudicated by a judge or a jury.

The arbitration shall be governed by the substantive laws of the State of Idaho, without regard to conflicts-of-law rules, and by the arbitration law of the Federal Arbitration Act (Title 9, U.S. Code). Judgment upon the award rendered may be entered in any court having jurisdiction. Notwithstanding the foregoing, upon the application by either party to a court for an order confirming, modifying or vacating the award, the court shall have the power to review whether, as a matter of law based on the findings of fact determined by the arbitrator(s), the award should be confirmed, modified or vacated in order to correct any errors of law made by the arbitrator(s). In order to effectuate such judicial review limited to issues of law, the parties agree (and shall stipulate to the court) that the findings of fact made by the arbitrator(s) shall be final and binding on the parties and shall serve as the facts to be submitted to and relied upon by the court in determining the extent to which the award should be confirmed, modified or vacated.

Except as otherwise required by law, the parties and the arbitrator(s) agree to keep confidential and not disclose to third parties any information or documents obtained in connection with the arbitration process, including the resolution of the Dispute. If either party fails to proceed with arbitration as provided in this Agreement, or unsuccessfully seeks to stay the arbitration, or fails to comply with the arbitration award, or is unsuccessful in vacating or modifying the award pursuant to a petition or application for judicial review, the other Party shall be entitled to be awarded costs, including reasonable attorney's fees, paid or incurred in successfully compelling such arbitration or defending against the attempt to stay, vacate or modify such arbitration award and/or successfully defending or enforcing the award.

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13.4 Remedies. Each party hereby waives any and all rights it may have to receive exemplary or punitive damages with respect to any claim it may have against the other party, it being agreed that no party shall be entitled to receive money damages in excess of its actual compensatory damages, notwithstanding any contrary provision contained in this Agreement or otherwise. Notwithstanding any contrary provisions in this Section, the parties recognize that certain business relationships could give rise to the need for one or more of the parties to seek emergency, provisional or summary relief to repossess and sell or otherwise dispose of goods, equipment and/or fixtures, to prevent the sale or transfer of goods, equipment and/or fixtures, to protect real or personal property from injury, or to obtain possession of real estate and terminate leasehold interests, and for temporary injunctive relief. Immediately following the issuance of any such relief, the parties agree to the stay of any judicial proceedings pending mediation or arbitration of all underlying claims between the Parties.

14. **SURVIVAL.** The indemnity agreements contained in **Sections 3, 7, 8, and 15** of this Agreement shall survive any expiration or termination of this Agreement and shall not merge into any deed delivered and accepted upon the Closing of the transaction herein contemplated.

15. **LIKE-KIND EXCHANGE.** The Property may be a part of a like-kind exchange under Section 1031 of the Internal Revenue Code to Seller/Donor. If the Property is to be a part of a like-kind exchange to Seller/Donor, the Seller-Donor shall notify the Buyer/Donee of such fact at least ten (10) days prior to Closing. If such exchange should fail to occur for whatever reason, the sale of the Property shall nonetheless be consummated. In connection therewith, the Buyer/Donee agrees to execute such documents which the Seller/Donor deems reasonably necessary or appropriate, and to otherwise cooperate with the Seller/Donor to effectuate such exchange; ***provided, however,*** (i) the transaction contemplated by this Agreement shall not be conditioned upon completion of such like-kind exchange; (ii) Buyer/Donee shall not be required to acquire any property in connection with the exchange nor be required to take title to real property in connection with the exchange; (iii) any inconsistency between the provisions of any documents executed in connection with any proposed exchange and the provisions of this Agreement shall be governed by this Agreement; (iv) Buyer/Donee shall not incur any liability or cost by reason of the exchange and Seller/Donor shall indemnify, defend and hold harmless the Buyer/Donee and its affiliates, directors, officers, partners, shareholders, agents, and employees and their respective successors from and against any and all obligations or liabilities or losses (including, without limitation, reasonable attorneys' fees and costs and the tax ramifications of such exchange) incurred by Buyer/Donee solely relating to the exchange; and (v) any and all representations, warranties, agreements and covenants made by or obligations of Seller/Donor pursuant to this Agreement shall continue to be the obligation of Seller/Donor regardless of the use of any intermediary in connection with the proposed tax-free exchange.

16. **CROSS ACCESS.** Upon Closing, the Parties agree that the direct parking

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lot and pedestrian access between the Property and the property owned by Seller/Donor immediately adjacent (to the east), shall be closed and the landscaping and planter located on each side of such access shall be extended as shown on **Exhibit D** attached hereto and incorporated herein. Seller/Donor shall complete the work described in preceding sentence and each Party shall pay one-half (½) of the expenses to complete such work. Buyer/Donor hereby grants a license to Seller/Donor and its agents, employees and contractors, to complete the work contemplated in this **Section 16**. This **Section 16** shall survive the Closing and delivery of the Deed.

17. **CONVEYANCE TO UNIVERSITY.** Buyer/Donor hereby agrees (subject to State Board approval) to deed the Property to the University no later than when the Buyer/Donor's acquisition loan for the Property is paid in full, not to exceed five (5) years after the Date of Closing. Buyer/Donor will convey the Property by deed reasonably acceptable to the University. The Buyer/Donor's obligations under this **Section 17** shall survive the Closing and the delivery of the Deed and such obligation may be specifically enforced by the Seller/Donor or the University. The Parties intend that this **Section 17** of the Agreement may be specifically enforced.

18. **MISCELLANEOUS.**

18.1 **Binding Terms.** The terms, covenants and conditions herein contained shall be binding upon and inure to the benefit of the heirs, successors, transferees and assigns of the Parties.

18.2 **No Assignment.** Neither Party to this Agreement may assign its rights under the agreement to any other party without the prior written consent of the other Party, provided that Buyer/Donor hereby agrees that Seller/Donor may assign its rights (but not its obligations) under this Agreement to a qualified intermediary selected by it to effect a like-kind exchange as described in **Section 15**.

18.3 **Entire Agreement.** This Agreement constitutes the entire Agreement between the Parties hereto with respect to the subject matter hereof, incorporates all prior agreements, and may only be modified by a subsequent writing duly executed by the Parties.

18.4 **Waivers.** No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver be a continuing waiver. Except as expressly provided in this Agreement, no waiver shall be binding unless executed in writing by the Party making the waiver. Either Party may waive any provision of this Agreement intended for its benefit; ***provided, however,*** such waiver shall in no way excuse the other Party from the performance of any of its other obligations under this Agreement.

18.5 **Time of the Essence.** Time is expressly made of the essence of each and every provision of this Agreement.

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18.6 **Interpretation**. This Agreement shall be interpreted and construed only by the contents hereof, and there shall be no presumption or standard of construction in favor of or against either Party. The Section titles in this Agreement are for convenience only and shall have no effect upon the interpretation of this Agreement. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the neuter gender shall include the masculine and feminine genders, and the word "person" shall include corporations, partnerships, associations, all other legal entities, and individuals.

18.7 **Governing Law**. This Agreement shall be construed and enforced in accordance with, and governed by, the law of the State of Idaho.

18.8 **Captions**. The captions in this Agreement are for convenience only and do not constitute a part of the provisions hereof.

18.9 **Applicability**. If any term or provision of this Agreement or the application of it to any person, entity or circumstance shall to any extent be invalid and unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

18.10 **Authority**. The individuals executing this Agreement represent and warrant that they have the power and authority to do so, and to bind the entities for which they are executing this Agreement.

18.11 **Numbering of Days**. If the last day of any time period stated herein shall fall on a Saturday, Sunday or federal legal holiday, then such time period shall be extended to the next succeeding day which is not a Saturday, Sunday or a federal legal holiday.

18.12 **Allocation of Professional Fees**. Except as provided in **Section 12** of this Agreement, regardless of whether the transaction contemplated by this Agreement is consummated, each respective Party shall be responsible for its own legal, accounting, and other professional fees incurred in relation to this Agreement or the transaction contemplated by this Agreement.

18.13 **No Third Party Beneficiary Rights**. This Agreement is not intended to create, nor shall it in any way be interpreted or construed to create, any third party beneficiary rights in any person not a party hereto.

18.14 **Joint and Several Obligations**. If Buyer/Donee is composed of more than one (1) person, each such person shall be jointly and severally liable hereunder.

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18.15 **Counterparts; Facsimile Signatures.** This Agreement may be executed in counterparts which together shall constitute one agreement. For purposes of determining the enforceability of this Agreement, facsimile and e-mail signatures shall be deemed originals.

THE SUBMISSION OF THIS AGREEMENT FOR EXAMINATION OR ITS NEGOTIATION OR THE NEGOTIATION OF THE TRANSACTION DESCRIBED HEREIN DOES NOT CONSTITUTE AN OFFER TO SALE, AND THE EXECUTION OF THIS AGREEMENT BY BUYER/DONEE DOES NOT CONSTITUTE A BINDING CONTRACT UNTIL SUCH TIME AS THIS AGREEMENT HAS BEEN APPROVED BY THE SELLER/DONOR'S MANAGEMENT AND EXECUTED BY AUTHORIZED OFFICERS OF SELLER/DONOR. THE PARTIES ACKNOWLEDGE AND AGREE THAT NO NEGOTIATIONS, DOCUMENT DRAFTS OR EXECUTION OF THIS AGREEMENT BY BUYER/DONEE SHALL GIVE RISE TO ANY RIGHTS IN BUYER/DONEE TO TAKE ANY ACTION IN RELIANCE UPON THIS AGREEMENT OR TO OTHERWISE ANTICIPATE OR EXPECT THAT SELLER/DONOR WILL SIGN THIS AGREEMENT UNTIL IT IS IN FACT SIGNED AND DELIVERED TO BOTH OR ALL PARTIES.

This Agreement has been executed as of the date first above written.

SELLER/DONOR:

NEW ALBERTSON'S, INC.,
a Delaware corporation

By: _____ Draft _____
Name: _____
Its: _____

BUYER/DONEE:

**BOISE STATE UNIVERSITY
FOUNDATION, INC.,**
an Idaho corporation

By: _____ Draft _____
Name: _____
Its: _____

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EXHIBIT A

Legal Description

Lots 5, 6 and 7, Block 1, ParkCenter Subdivision No. 1 of ParkCenter Development, a subdivision of a portion of Section 14, Township 3 North, Range 2 East, Boise-Meridian, Boise, Ada County, Idaho.

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EXHIBIT B

Memorandum of Understanding

To be attached

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EXHIBIT C

Recording Requested By and
When Recorded Return to:

New Albertson's, Inc.
Attn: Brad Beckstrom
250 Parkcenter Blvd.
Boise, Idaho 83706

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

SPECIAL WARRANTY DEED

FOR GOOD AND VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, **NEW ALBERTSON'S, INC.**, a Delaware corporation ("Grantor"), does hereby GRANT, BARGAIN, SELL AND COVNEY to **BOISE STATE UNIVERISTY FOUNDATION, INC.**, an Idaho corporation ("Grantee"), that certain real property and improvements located in Ada County, State of Idaho, and more particularly described as follows:

Lots 5, 6 and 7, Block 1, ParkCenter Subdivision No. 1 of ParkCenter Development, a subdivision of a portion of Section 14, Township 3 North, Range 2 East, Boise-Meridian, Boise, Ada County, Idaho.

Subject to the restriction that no part of the above-described property shall be used : (a) as a supermarket (which shall be defined as any store or department containing at least 1,500 square feet of floor area, including aisle space and storage, primarily devoted to the retail sale of food for off-premises consumption), drug store or any combination thereof; (b) as a bakery or delicatessen; (c) for the sale of fresh or frozen meat, fish, poultry or produce for off-premises consumption; (d) for the sale of alcoholic beverages for off-premises consumption; (e) as a cigarette or smoke shop or any other store the primary business of which is to sell tobacco products and/or accessories; (f) as a convenience store (which shall be defined as any self-contained area or building primarily devoted to the sale of any or all of the following items: food, beverages, grocery items and/or tobacco products); (g) for the sale or offer for sale of any pharmaceutical products requiring dispensation through a pharmacy or the services of a registered or licensed pharmacist; (h) for the sale or offer for sale of petroleum; or (i) as a dollar store (which shall be defined as any store primarily devoted to the deep-discount retail sale of general merchandise and/or food for off-premises consumption including, without limitation, single price point retailers such as All-a-Dollar, 99 Cents Only, Family Dollar, Greenbacks, Dollar General and Big Lots). This restriction shall be a burden upon the property, shall run with the land, and shall be for the benefit of Grantor, and Grantor's successors, assigns and affiliates, and for the benefit of and appurtenant to each and every part of the properties within a five (5) mile radius of the above described property now owned or leased or hereinafter owned or leased by

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Grantor, its successors, assigns and affiliates. For purpose of the preceding sentence, "**affiliates**" shall mean a branch, division, parent or subsidiary of Grantor, its successor or assigns, or any company in which Grantor, its successors or assigns own (directly or indirectly) five percent (5%) or more of the voting stock or interest or which is a company that owns (directly or indirectly) five percent (5%) or more of the voting stock or interest of Grantor, its successors and assigns. The term of this restriction shall be for a period of sixty five (65) years from the date hereof. If in any judicial proceeding a court shall hold that the duration or scope of this restriction stated in this paragraph is unreasonable under circumstances then existing, the parties, and their respective successors, assigns and affiliates, agree that the maximum allowable duration or scope reasonable under the circumstances shall be substituted for the duration of scope stated in the restriction.

Together with all and singular the tenements, hereditaments, and appurtenances thereunto belonging or in anywise appertaining, the rents, issues and profits thereof; all buildings, structures and improvements located thereon; and all estate, right, title and interest in and to the property, as well in law as in equity, except as expressly provided otherwise herein.

To have and to hold, all and singular the above-described premises together with the appurtenances unto Grantee and its heirs and assigns forever.

Grantee is purchasing the above-described premises "AS IS" "WHERE IS" subject to all defects, latent or patent.

Grantor makes no covenants or warranties with respect to title, express or implied, other than that previous to the date of this instrument, Grantor has not conveyed the same estate to any person other than Grantee and that such estate is at the time of the execution of this instrument free from encumbrances done, made or suffered by the Grantor, or any person claiming under Grantor, **subject to** any and all easements, restrictions, agreements, taxes not yet due, matters of record and any and all matters which would be disclosed by a survey or physical inspection of the property and improvements thereon, as of the date of this instrument.

Grantee, by execution of this Special Warranty Deed, acknowledges its acceptance of the conveyance herein in accordance with the terms hereof and agrees to be bound by the restrictions set out herein.

(Signatures on the following pages)

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GRANTOR:

NEW ALBERTSON'S, INC., a Delaware
corporation

By: _____

Name: _____

Its: _____

STATE OF IDAHO)
 : ss.
County of Ada)

On this _____ day of _____, 2008, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, to me known to be the Vice President of New Albertson's, Inc., the corporation that executed the foregoing instrument, and acknowledged to me that the said instrument is the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

WITNESS MY HAND and official seal hereto affixed the day, month and year in this certificate first above written.

Notary Public for Idaho
Residing at _____
My commission expires: _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

GRANTEE:

BOISE STATE UNIVERSITY
FOUNDATION, INC.,
an Idaho corporation

By: _____
Name: _____
Its: _____

STATE OF IDAHO)
 : ss.
County of Ada)

On this _____ day of _____, 2008, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, to me known to be the _____ of Boise State University Foundation, Inc., an Idaho corporation, the corporation that executed the foregoing instrument, and acknowledged to me that the said instrument is the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

WITNESS MY HAND and official seal hereto affixed the day, month and year in this certificate first above written.

Notary Public for Idaho
Residing at _____
My commission expires: _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

EXHIBIT D

Cross Access Drawing

To be attached

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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 17-18, 2008

- 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.

V.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.)

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

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 therefrom. 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.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

UNIVERSITY OF IDAHO

SUBJECT

Grant a temporary easement to permit the City of Moscow to construct and maintain a public bus shelter on property owned by the Regents.

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND

The City of Moscow is seeking federal funding to construct public bus shelters at selected sites along existing public bus routes. One proposed site is partially located on Regents' property currently used as a lawn located between University of Idaho's Wallace Residence Complex and a publicly owned street and sidewalk right of way. The funding agency requires a commitment from the City of Moscow to maintain the shelter for twenty years and therefore the City must possess a substantial real estate interest in the property to secure the continued use as a public bus shelter.

DISCUSSION

Providing a convenient location for a bus shelter serving University students and staff will accommodate the regular use of public transportation to and from campus. The proposed easement defines the extent and limit of rights established and provides for early termination in the event the shelter is not constructed or no longer used as part of a public transportation network. This easement will occupy 148 sq ft and will terminate in twenty years.

IMPACT

The University will not pay any construction or maintenance costs associated with the proposed use. The University will not charge for the small, temporary easement; however students and staff will benefit from the facility.

ATTACHMENTS

Attachment 1 – Proposed Easement Agreement
Attachment 2 – Map

Page 3
Page 9

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

BOARD ACTION

A motion to approve the temporary, non-exclusive easement from the Regents to the City of Moscow and to authorize the University of Idaho's Vice President for Finance and Administration to execute the necessary documents in substantial conformance to the documents submitted to the Board in Attachment 1.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

NON-EXCLUSIVE EASEMENT AGREEMENT

This NON-EXCLUSIVE GRANT OF EASEMENT (this "Grant") is made this ____ day of _____, 2008, by and between THE BOARD OF 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 ("GRANTOR"), whose business address is Vice President for Finance and Administration, University of Idaho, Moscow, Idaho, 83844-3168, and CITY OF MOSCOW, Idaho, a municipal corporation of the State of Idaho, whose business address is 206 East Third Street, Moscow, Idaho, 83843 ("GRANTEE").

RECITALS

GRANTOR has agreed to grant to GRANTEE a non-exclusive easement on a portion of GRANTOR's property, which property is legally described on Exhibit "A" and graphically depicted on Exhibit "B" attached hereto and incorporated herein by this reference;

"Easement Parcel" consists of real property to be utilized for the construction, operation, maintenance, repair, replacement, and/or removal of a public bus stop shelter.

NOW, THEREFORE, in consideration of the recitals above which are incorporated herein below, and for 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 temporary, non-exclusive easement for the purpose of the construction, operation, maintenance, repair, replacement and/or removal of a public bus stop shelter ("Easement"). All construction, maintenance, operation, repair, replacement, and/or removal of the Easement shall be strictly limited to the Easement Parcel. GRANTOR also grants to GRANTEE a license for entry upon GRANTOR's property adjacent to the Easement Parcel for the purpose of accessing the Easement on the reasonably adjacent GRANTOR property.
2. NOTICE: Any notice under this Non-Exclusive Easement Agreement shall be in writing and be delivered in person or by public or private courier service (including U.S. Postal Service Express Mail) or certified mail with return receipt requested or by facsimile. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time-to-time direct in writing:

If to GRANTOR:

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

Vice President for Finance and Administration
University of Idaho
Moscow, ID 83844-3145, and

If to GRANTEE:

City of Moscow
Attn: City Engineer
206 E Third St
Moscow, ID 83843

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, run with the land and are binding upon and inure to the benefit, obligation, and use of the successors, agents, and assigns of the parties hereto for the term of Easement.
4. **NON-EXCLUSIVE AND TEMPORARY 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 as permitted herein;
 - b. All structures, signs, fixtures or equipment placed within the Easement Parcel by GRANTEE, or GRANTEE's agents or contractors pursuant to this instrument ("GRANTEE's Property") shall remain the property of GRANTEE;
 - c. GRANTOR and its successors and assigns shall retain the right to use of the Easement Parcel for uses that do not conflict with the purposes of Easement provided, however, GRANTOR shall not erect any building or major structure within the Easement Parcel;
 - d. GRANTEE shall at all times maintain, repair and keep clean and free of graffiti, GRANTEE's Property within the Easement Parcel and shall promptly repair and restore existing improvements and land disturbed by the construction, maintenance, or removal of GRANTEE's Property by GRANTEE or GRANTEE's agents or contractors to its prior condition;
 - e. This Easement shall terminate on July 1, 2028. In the event Easement is not extended by subsequent agreement or other arrangements are not made to permit continued use of Easement Parcel as a bus shelter, GRANTEE shall

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

- remove all structures and restore the property to a condition reasonably consistent with the GRANTOR's similarly situated adjoining property at the time of termination; and
- f. After recording this instrument, GRANTEE shall provide GRANTOR with a certified copy of the recorded instrument showing the date and instrument number of recording.
5. **INDEMNITY:** 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 which GRANTOR may incur as a result of any act or omission of the GRANTEE in its use of the Easement Parcel under this Grant or GRANTEE's use of its license to enter upon GRANTOR's property adjacent to the Easement Parcel. If any action, claim or demand is made against GRANTOR for any act or omission of the GRANTEE, 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.
7. **MODIFICATION:** This Grant shall not be modified unless expressly agreed to by both parties in writing.
8. **RELOCATION:** GRANTOR or its successor reserves the right to, and the GRANTEE agrees that, the Easement and Easement Parcel may be relocated at the GRANTOR's option and expense.
9. **EASEMENT IMPROVEMENTS:** GRANTOR and GRANTEE agree that GRANTEE shall, at its sole cost and expense, construct, operate, maintain, repair, replace, and/or remove the Easement, the fixtures and improvements therein as contemplated herein; provided however, prior to any such construction, maintenance, repairs, replacements or removals, GRANTEE will make reasonable attempts to notify and coordinate with GRANTOR the construction, maintenance, repairs, replacements, or removals to minimize disruption of GRANTOR's use and operation of adjoining GRANTOR's Property.
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

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

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 operation of GRANTEE's fixtures and improvements or the exercise of GRANTEE's rights herein or create a hazard to GRANTEE's facilities.

11. **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 Parcel to said same condition, then 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.
12. **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.
13. **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.
14. **COMPLIANCE WITH ALL LAWS AND INDUSTRY STANDARDS:** GRANTEE hereby agrees to comply in all respects with any and all, 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, maintenance, repair replacement, and removal of the Easement, GRANTEE agrees to comply with all applicable industry standards pertaining thereto.
15. **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 recordable form with directions for delivery of the same to GRANTOR, whereupon all rights, duties, and liabilities hereby created shall terminate. In addition, in the event GRANTEE does not utilize the Easement for a continuous two (2) year period, all the rights granted to GRANTEE herein shall terminate. If the rights granted to GRANTEE herein are terminated, GRANTEE shall have no further obligation but to abandon all right, title, interest, and possession of the Easement and Easement Parcel and shall execute a release in recordable form. If there is a termination or abandonment, GRANTEE shall

EXHIBIT A

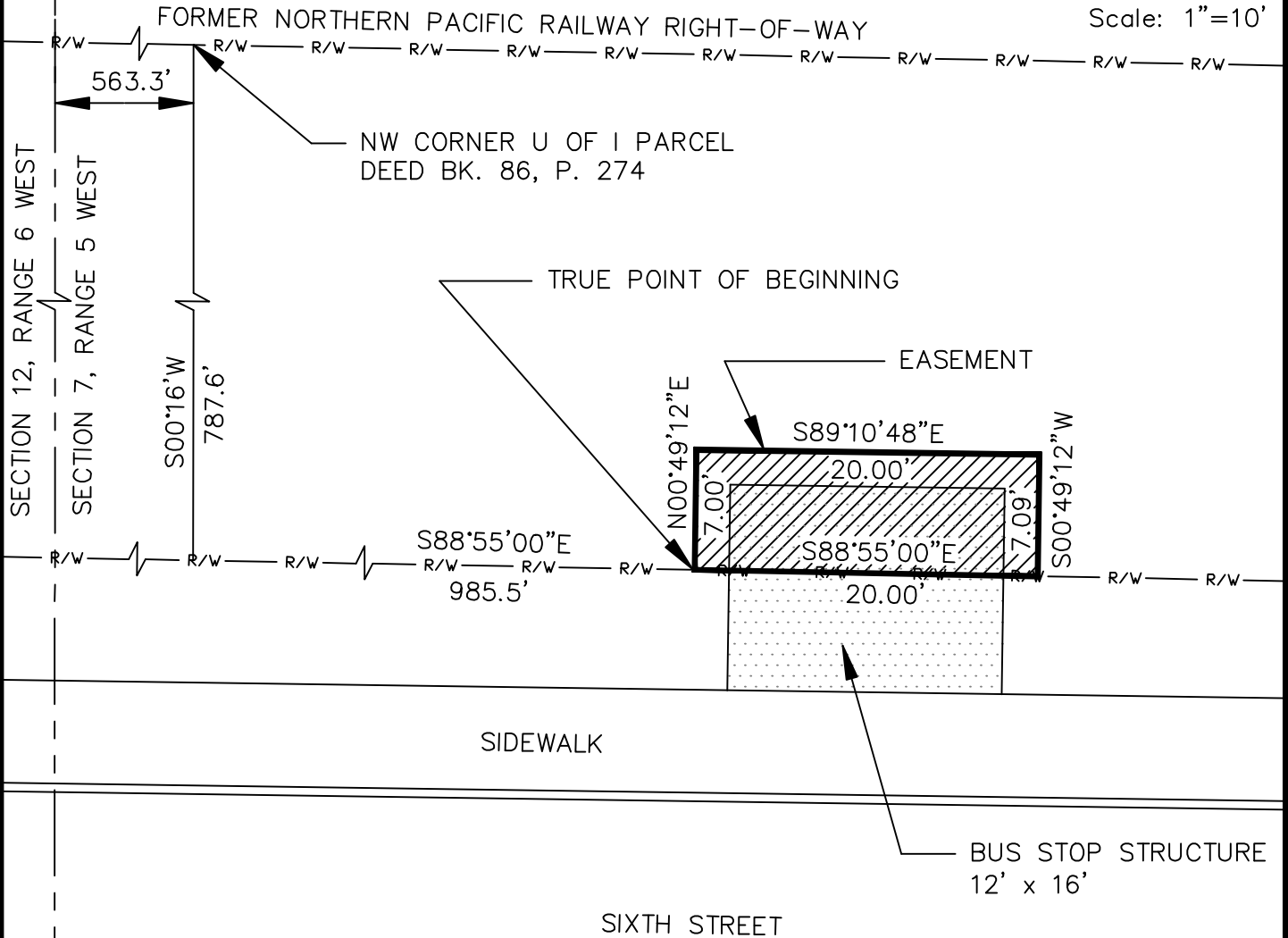
"EASEMENT PARCEL"

An easement located in the southwest quarter of Section 7, Township 39 North, Range 5 West, Boise Meridian, Latah County, Idaho, and contained within that parcel of land described in Deed No. 82686, records of said Latah County, and being more particularly described as follows:

Commencing at a point on the south right-of-way line of the former Northern Pacific Railway, said point lying 563.6 feet east of the west line of said Section 7 and being the northwest corner of a parcel of land described in that Warranty Deed recorded in Book 86 of Deeds, page 274, records of said Latah County; thence S00°16'W 787.6 feet along the west line of said parcel to the north right-of-way line of Sixth Street; thence S88°55'E 985.5 feet along said right-of-way line to the TRUE POINT OF BEGINNING; thence N00°49'12"E 7.00 feet, parallel with and 2 feet west of a proposed bus stop structure to be constructed within this easement; thence S89°10'48"E 20.00 feet, parallel with and 2 feet north of said structure; thence S00°49'12"W 7.09 feet, parallel with and 2 feet east of said structure, to a point on said north right-of-way line of Sixth Street; thence N88°55'00"W 20.00 feet along said right-of-way line to the TRUE POINT OF BEGINNING. Said easement contains 148 square feet, more or less.



Scale: 1"=10'



**EASEMENT FOR PUBLIC BUS STOP
THE REGENTS OF THE UNIVERSITY OF IDAHO
TO
THE CITY OF MOSCOW, IDAHO**

MARCH 2008

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

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.

b. Board approval of other transfers

(1) Leases to use real property under the control of an institution, school or agency require prior Board approval - if the term of the lease exceeds five (5) years or if the lease revenue exceeds two hundred fifty thousand dollars (\$250,000).

(2) Easements to make a permanent use of real property under the control of an institution, school or agency require prior Board approval - unless easements are to public entities for utilities.

(3) The transfer by an institution, school or agency of any other interest in real property requires prior Board approval.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

UNIVERSITY OF IDAHO

SUBJECT

Amendments to University of Idaho Faculty-Staff Handbook Section 5300 "Copyrights, Protectable Discoveries and Other Intellectual Property Rights," to reflect changes in technology transfer duties

REFERENCE

November 2006	Approval of amendments to University's policy on "Copyrights, Protectable Discoveries and Other Intellectual Property Rights."
June 2007	Approval of Restructure of relationship with Idaho Research Foundation and change in technology transfer duties.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.M.2.c.

BACKGROUND

Section 5300 of the University of Idaho Faculty Staff Handbook sets out UI policy concerning copyrights, maskworks, and patents as they arise from the work of university employees and students and from the use of university resources. The policy addresses the disclosure and development of such intellectual property.

This section was part of the 1979 Handbook but was revised in a significant way:

- 1) in July of 1992 to reflect changes in applicable federal law,
- 2) in January of 1995 to reflect the then change in the Regents' intellectual property and the then conflict of interest rule (IDAPA 08.01.09.03c); and
- 3) in 2007 to update terminology and add clarity to the rights and obligations of the University and of its employees and students in dealing with intellectual property.

In June 2007, the Board approved the restructuring of the intellectual property technology transfer mechanism at the University of Idaho. Under the restructure, the University is assuming the role of patenting and otherwise protecting its intellectual property as well as the marketing and licensing of the intellectual property, which duties previously were performed by the Idaho Research Foundation.

BUSINESS AFFAIRS AND HUMAN RESOURCES

APRIL 17-18, 2008

DISCUSSION

In its June 2007 report on the technology transfer restructuring, the University stated that it “will need to amend its policies in Faculty Staff Handbook section 5300 with respect to intellectual property to reflect these [technology transfer restructure] changes, which policies will require Board approval, pursuant to Board Policy section V.M.2.c.”

The proposed amendments to Faculty-Staff Handbook sections 5300 solely change the responsibilities for technology transfer duties from the Idaho Research Foundation to the University and its Office of Technology Transfer. Under the University’s internal policy approval process, these changes are considered minor amendments and have been approved by the University’s Policy Coordinator. They are presented to the Board for approval pursuant to Board policy section V.M.2.c., which requires Board approval of institutional policies and amendments thereto that address intellectual property and the division and use of royalties from patents.

Faculty-Staff Handbook Section 5300 with tracked changes reflecting the proposed amendments is attached as Attachment 1.

IMPACT

With these amendments the University’s intellectual property policy will accurately reflect the technology transfer duties assumed by the University as a result of the restructure approved by the Board in June 2007.

ATTACHMENTS

Attachment – FSH, Section 5300, changes tracked

Page 3

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval.

BOARD ACTION

A motion to approve the amendments to University of Idaho Faculty-Staff Handbook Sections 5300 “Copyrights, Protectable Discoveries and Other Intellectual Property Rights,” in substantial conformance to the version submitted to the Board in Attachment 1.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

UI FACULTY-STAFF HANDBOOK
CHAPTER FIVE:
RESEARCH POLICIES

February 2007

5300

COPYRIGHTS, PROTECTABLE DISCOVERIES AND OTHER INTELLECTUAL PROPERTY RIGHTS

PREAMBLE: This section outlines UI policy concerning copyrights, as they arise from university research. Particularly this section discusses the assignment of ownership to such copyrights. This section was part of the 1979 Handbook but was revised in a significant way 1) in July of 1992 to reflect changes in applicable federal law, 2) in January of 1995 by the addition of subsection C-5 to reflect the change in the Regents' intellectual property and conflict of interest rule (former IDAPA 08.01.09.101.03c), and 3) in 2007 to update terminology and add clarity to the rights and obligations of the University and of its employees and students in dealing with intellectual property. Unless otherwise noted, the text is as of July 1996. For more information, contact the Research Office (208-885-6651). [ed. 7-98, rev. 2-07]

CONTENTS:

- A. Introduction
- B. Copyrights
- C. Protectable Discoveries
- D. Dispute Resolution
- E. Special Arrangements for Federal, State, and Private Grants
- F. Record-Keeping

A. INTRODUCTION. The UI encourages the creation of scholarly works as an integral part of its mission. UI participation in the development, marketing, and dissemination of educational materials has as its aim the improvement of the quality, effectiveness, and efficiency of student learning and of faculty and staff development. The UI recognizes its obligation to transfer technology and useful discoveries to society. With respect to all types of intellectual property, the rights and obligations of UI, its employees and students and other third parties shall be governed by this policy. To the extent permitted by this policy, individuals may enter into contracts with UI to address intellectual property, in which case the contract terms shall control, provided that the contract was entered into in a manner consistent with this policy.

A-1. DEFINITIONS. For purposes of this Section 5300 and Section 5400, the following terms shall have the following meanings:

- a. "electronic" shall mean relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.
- b. "written" or "in writing" shall include information created, generated, sent, communicated, received, or stored by electronic means, including without limitation email, telecopy, and facsimile transmissions.
- c. "natural person or persons" means natural person or persons involved in the creation or development of intellectual property.

B. COPYRIGHTS. UI participation in the development of copyrightable works raises questions concerning the ownership and use of materials in which UI has become an active and intentional partner through substantial investment of resources. This policy is established to clarify the rights of the natural person or persons and the UI regarding ownership and use of copyrightable materials in the absence of a valid written agreement between the natural person or persons and UI. The UI acknowledges the right of faculty and staff members and students to prepare and publish materials that are copyrightable in the name of the natural person or persons and that may generate royalty income for the natural person or persons. (In this policy, "the natural person or persons" is to be construed broadly as including producers of creative works in the arts and sciences and creators of literary or scholarly writing.)

B-1. Coverage. The types of materials to which this policy applies include:

- a. Study guides, tests, syllabi, bibliographies, texts, books, and articles.
- b. Films, filmstrips, photographs, slides, charts, transparencies, illustrations, and other visual aids.
- c. Programmed instructional materials.
- d. Audio and video recordings.
- e. Simultaneously recorded live audio and video broadcasts.
- f. Dramatic, choreographic, and musical compositions.
- g. Pictorial, graphic, and sculptural works.
- h. Computer software, including computer programs, procedural design documents, program documents, and databases as defined below: *[ed. 7-00]*
 - (1) “Computer program” means a set of instructions that direct a computer to perform a sequence of tasks.
 - (2) “Procedural design document” refers to material that describes the procedural steps involved in the creation of a computer program.
 - (3) “Program document” refers to material created for the purpose of aiding the use, maintenance, or other interaction with a computer program.
 - (4) “Data base” means a collection of data elements grouped together in an accessible format.
- i. Other copyrightable materials, including materials generated in the production of any of the above works.

B-2. Assignment of Ownership. Faculty, staff members, and students retain all rights in the copyrightable materials they create except in the cases of “UI-Sponsored Materials” as defined in Subsection B-2-b below, materials covered by a Grant or Contract as discussed in Subsection E below, and materials covered by a valid written agreement between the natural person or persons and the UI as discussed in Subsection B-5 below. Faculty members, staff members, and students shall co-operate with reasonable requests from UI for the creation of any documents and records needed to vest and memorialize UI’s rights, if any.

a. Retention of Rights. Except as otherwise provided in Subsection B-2-b, the natural person or persons retain the rights to: (1) copyrightable works produced while on sabbatical leave; (2) study guides and similar materials; and (3) works prepared as part of the general obligation to produce scholarly or other creative works of the natural person or persons, such as, but not limited to articles, books, musical compositions, and works of art.

b. UI-Sponsored Materials. Materials are “UI-Sponsored Materials” within the meaning of this policy if the natural person or persons: (1) was commissioned specifically in writing by UI or one of its distinct units to develop the material as part of his or her employment duties and the writing states that the resulting works would be considered “UI Sponsored”; (2) received extra pay from UI to prepare the specific materials pursuant to a valid written agreement providing that the extra pay is consideration for the preparation of the specific materials; (3) received release time from regular duties to produce the specific materials; or (4) made “substantial use” of UI resources in the creation or development of the specific materials, provided however that the use of UI resources regularly and customarily available to him/her as part of his/her regular employment or as part of his/her regular academic enterprise, shall not be considered “substantial use” of UI resources.

B-3. Registration of Copyrightable Materials. Absent a valid written agreement otherwise, UI Sponsored Materials are to be registered in the name of the Regents of the University of Idaho or its’ assignee. UI or its

designee has the right to file registrations of UI Sponsored copyrightable works.

B-4. Royalties and Income.

- a. Out of the gross receipts from royalties and other income from sale or rental of UI Sponsored Materials, the UI, college, department, other unit, or UI's designated agent may recover reasonable expenses that it incurred in the development, marketing, or dissemination of the materials.
- b. Absent a valid written agreement to the contrary, the net proceeds are distributed as follows: 40 percent to the natural person or persons, 40 percent to UI or its designated agent, and 20 percent to the 'college or service unit of the natural person or persons. At least half of the share allocated to the college or other unit is given to the department of the natural person or persons for use in furtherance of its goals.
- c. UI retains a right to royalty-free internal use of any materials designated UI Sponsored under this policy.

B-5. Written Agreements.

- a. The provost represents UI in negotiating agreements with the natural person or persons pursuant to this policy. The natural person or persons of copyrightable material may negotiate with the provost and arrive at a mutually agreeable contract. The provost consults with the dean or departmental administrator of the department of the natural person or persons in drafting these agreements. (For purposes of this policy, "dean" includes persons with equivalent administrative capacities.)
- b. Valid written agreements concerning copyright ownership, use of copyrighted materials, and distribution of royalties and income from copyrightable works which are entered into by one or more natural person or persons and the provost supersede the provisions of this Section 5300. ' To be valid, such agreements must (1) comply with the terms of any relevant Grants or Contracts as discussed in Subsection E below, (2) comply with the policies of the UI Board of Regents, ~~(3) comply with UI agreements with the Idaho Research Foundation (IRF), and~~ 43) comply with Idaho state and federal law.

B-6. Use of UI-Sponsored Materials. Use of UI Sponsored Materials under this policy is subject to the following conditions:

- a. **Internal Use.** Internal use is use by anyone employed by UI, or attending the UI as a student, while acting within the scope of his or her employ or academic enterprise, or any agent of UI acting within the scope of his or her agency, either directly or through a grant or contract, or by any UI unit. Internal use of UI Sponsored Materials for the same general purpose for which they were developed, and revision of such materials, do not require the prior approval or notification of any of the natural person or persons. However, for as long as any natural person or persons involved in the creation or development of UI Sponsored Materials remains a UI employee or student, such natural person or persons may, in a professionally appropriate manner, propose revisions of the material.
- b. **External Use.** External use is any use other than that defined in Subsection B-6-a, above. Licensing or sale of UI Sponsored Materials for external use must be preceded by a valid written agreement between the natural person or persons and UI or the UI's designated agent specifying the conditions of use, and including provisions concerning updating or revision of the materials.

B-7. Protection.

- a. Allegations of unauthorized use or copyright infringement of UI Sponsored Materials should be made to the Intellectual Property Committee for investigation. The committee will recommend appropriate action to the provost.
- b. If such action is initiated by UI alone or in concert with the natural person or persons, the costs are borne by UI or UI's agent. Proceeds from the action in excess of costs are shared as provided in Subsection B-4-b.
- c. If the natural person or persons involved in the creation or development of the allegedly infringed intellectual property desires to institute a suit and UI decides not to act, UI will co-operate either by

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assigning to the natural person or persons such rights as are necessary for the natural person or persons to pursue redress or by some other reasonable method acceptable to UI. The costs of the suit will be born by the natural person or persons desiring to sue, who will also obtain any monetary relief obtained from the alleged infringer due to the prosecution of the suit.

B-8. Liability. When either UI or the natural person or persons involved in the creation or development of materials copyrighted by UI or its assignee is alleged to have violated personal or property rights, UI or its designated agent assumes responsibility for the defense against such allegation and the satisfaction of any judgment rendered against UI or the natural person or persons except insofar as liability of governmental entities is limited by Idaho Code 6-903 as currently written or later amended.

B-9. Waiver. Any person involved in the development of copyrightable materials governed by Section 5300 B waives any claim that otherwise legal use of the material by UI, its agents, employees, or distinct units, ~~or IRF~~ creates legal liability by UI, its agents, employees, or distinct units; ~~or IRF~~ on any theory of indirect liability for allegedly infringing actions of third parties.

C. PROTECTABLE DISCOVERIES. "Protectable Discoveries," for purposes of this Section 5300 is defined to include anything which might be protected by utility patent, plant patent, design patent, plant variety protection certificate, maskwork, or trade secret. All Protectable Discoveries made by UI employees at any of its facilities in the course of programs carried on by UI or made by persons in the course of working on such programs or projects under contracts or agreements with UI belong to UI. The natural person or persons involved in the creation or development of such Protectable Discoveries shall assign to UI all such (1) Protectable Discoveries, (2) applications for legal protection of such Protectable Discoveries, and (3) utility patents, plant patents, design patents, and plant variety protection certificates resulting from such Protectable Discoveries. Absent a valid written agreement to the contrary, any Protectable Discoveries made by UI employees or such other natural person or persons identified above with the use of facilities (other than library resources, normal office use, incidental use of the UI internet network consistent with UI internet use policy, and other facilities for which the person has paid use fees) owned by UI or made available to it for project or research purposes are deemed to have been made in the course of working on a research program or project of UI.

C-1. Ownership by Other Than UI. A Protectable Discovery made by a natural person or persons wholly on his or her own time outside of his or her duties at UI and without the use of UI facilities (other than library resources, normal office use, incidental use of the UI internet network consistent with UI internet use policy, and other facilities for which the person has paid use fees) belongs to that natural person or persons, even though it falls within the field of competence relating to the person's UI position. This provision also allows any Protectable Discovery made by a natural person or persons in the course of private consulting services carried out by the person in conformance with the UI's policy on professional consulting and additional workload [see 3260] to be assigned to the consulting sponsor.

C-2. ~~IRF and UI Processes.~~ ~~UI and the Idaho Research Foundation (IRF) agree that a~~ All Protectable Discoveries made by a natural person or persons in the course of working on a UI research program or project must be submitted to ~~IRF for acceptance~~ the Office of Technology Transfer (OTT). If a Protectable Discovery is accepted by ~~IRF-OTT~~ OTT for development, management, marketing, licensing, or assignment in any manner for the purposes of this policy, OTT must ensure that such property ~~to be~~ is conveyed, assigned, or transferred to ~~IRF~~ UI. ~~IRF has~~ OTT shall have full power to manage such rights and to enter into contracts and ~~licensing licenses~~ concerning such rights, including the right to join in agreements with other nonprofit intellectual property-management entities. [rev. 7-97, 7-06]

a. Upon submission of intellectual property to ~~IRF-OTT~~ IRF-OTT, ~~IRF-OTT~~ IRF-OTT must make a formal written decision to pursue commercialization for that property within three months ~~or return the rights to UI~~. If ~~IRF-OTT~~ IRF-OTT does not file for protection of the intellectual property within eighteen months of the date the disclosure was submitted, the rights ~~are shall be evaluated for~~ returned to UI the inventors. If ~~IRF-OTT~~ IRF-OTT submits a provisional patent application for intellectual property protection, a "full" and non-provisional patent application must be submitted within nine months of the date of the submission of the provisional patent ~~or the rights to the property are returned to UI. The property may remain with IRF for a second eighteen month period if both UI and IRF agree.~~ [add. 7-97; ed. 7-98]

b. The ~~IRF-OTT~~ shall submit semi-annual reports, as long as ~~it-UI~~ owns the property, to both the inventor/natural person or persons of and ~~UI to the college or center where the inventor(s) are located.~~ The report will include on 1) the status of the application until such time that protection is granted, 2) the marketing activities for the property being serviced, and 3) an accounting for funds received from the property. In the event that ~~IRF-OTT~~ has been unsuccessful in transferring a property or filing a patent application within three years after its first acceptance, ~~IRF-OTT~~ must notify ~~UI the college or center and inventor(s)~~ in writing ~~and the property shall be transferred to UI.~~ [add. 7-97, rev. 7-06]

c. If ~~IRF the OTT~~ determines not to pursue commercialization of a Protectable Discovery, ~~that it has accepted it shall re-convey, assign, and transfer the Protectable Discovery back to the University. Ththee~~ University may elect ~~to pursue commercialization of the Protectable Discovery or,~~ subject to controlling federal law, including but not limited to 37 CFR 401 ("Bayh-Dole"), to reconvey, assign and transfer the Protectable Discovery to the natural person or persons (inventors) involved in the creation of the intellectual property.

C-3. Proceeds. ~~IRF-OTT~~ will make provision to share the net proceeds, management, and licensing of any Protectable Discovery ~~assigned to IRF~~ as follows:

a. Legal and development expenses incurred by ~~IRF-OTT~~ ~~constitute a lien will be reimbursed first out of the~~ on the net proceeds, prior to any distributions. ~~until paid.~~

b. Absent a valid written agreement to the contrary, the net proceeds in excess of ~~such legal and development~~ expenses shall be distributed as follows: 40 percent to the natural person or persons; 40 percent to ~~IRF for tax exempt purposes~~ OTT; and 20 percent to the college or service unit of the natural person or persons. At least half of the share allocated to the college or other unit is given to the department of the natural person or persons for use in furthering its goals.

C-4. Ownership Questions. Questions as to the ownership of a Protectable Discovery or division of proceeds between persons involved in development of such discoveries and departments are referred in the first instance to the Intellectual Property Committee. The disputes will be decided in accordance with Section 5300(D).

D. DISPUTE RESOLUTION. From time to time, disputes will inevitably occur concerning ownership of the intellectual property (copyrights and Protectable Discoveries) contemplated in this Section 5300. Resolution of such disputes shall be achieved by the following procedure:

D-1. Intellectual Property Dispute Committee. The Intellectual Property Dispute Committee (IPD Committee) shall be an Ad Hoc Committee formed when necessary by appointments made by the Provost, in consultation with the Chair of Faculty Council and the President of the Graduate and Professional Student Association (GPSA). Normally the IPD Committee shall be composed of five faculty members and two graduate students. The Provost shall appoint the chair from among the faculty members. In the event the GPSA shall fail to appoint one or more student members, the IPD Committee may nonetheless be formed by the Provost and conduct business without the GPSA student representatives.

D-2. Recommendation by the Intellectual Property Dispute Committee. The IPD Committee considers, investigates, and makes recommendations toward resolution of disputes concerning (1) ownership of copyrightable materials and Protectable Discoveries, and (2) allegations or unauthorized use or copyright infringement of UI Sponsored Materials. It reviews all relevant evidence submitted to it before making its recommendation to the provost. The IPD Committee's recommendation is to be made no later than 60 days after receiving the matter for consideration. The IPD Committee's recommendation is determined by a majority of all its members voting by secret ballot at a meeting at which over one-half its appointed members are present. No member may participate in any matter in which his or her ownership rights are being determined.

D-3. Decision by the Provost. After receiving the recommendation of the IPD Committee, the provost makes a decision concerning ownership or infringement. The provost's decision is made no later than 30 days after receiving the IPD Committee's recommendation. That decision is transmitted in writing to the natural person or persons and to his or her departmental administrator and dean.

D-4. Appeal of the Decision of the Provost. The decision of the Provost may be appealed to the President of the

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University. Further appeals shall be made as from any other decision of an administrative body under the laws of the State of Idaho in effect from time to time.

E. SPECIAL ARRANGEMENTS FOR FEDERAL, STATE, AND PRIVATE GRANTS. Nothing in this policy shall prevent UI from accepting research grants from, and conducting research for, agencies of the United States upon terms and conditions under applicable provisions of federal law or regulations that require a different disposition of rights in any form of intellectual property. Moreover, nothing herein shall prevent cooperative arrangements with other agencies of the state of Idaho for research. Where receipt of a grant in support of research from any nonprofit agency or group may be dependent upon acceptance of terms and conditions of the established intellectual property policy of the grantor that differ from those stated herein, UI may specifically authorize acceptance of such grant upon such terms and conditions. UI may also specifically authorize contractual arrangements with an industrial sponsor for different disposition of rights in any form of intellectual property resulting from its sponsored research.

F. RECORD-KEEPING. See Section 5500 for record-keeping procedures that are recommended in order to safeguard the property rights of UI or the faculty member in research and potentially patentable results.

[For form of employment agreement concerning patents, see 5400.]

REFERENCE – APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: M. Intellectual Property

April 2002

M. Intellectual Property

2. Intellectual Property

c. Policy review - Agencies, institutions and the school under the governance of the State Board must secure to the state of Idaho their ownership interest in inventions and patentable discoveries. Agency, school and institutional policies setting out patent administration, including evaluating, financing, assignment, marketing, protection, and the division and use of royalties, as well as amendments thereto, must be submitted to the State Board for its review and approval.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

UNIVERSITY OF IDAHO

SUBJECT

A request to appoint a commercial banking entity as trustee for the University of Idaho Retiree Benefits Trust

REFERENCE

October 2007	Approval for University of Idaho to create the University of Idaho Retiree Benefits Trust
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APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.C.1.d.

BACKGROUND

In October 2007, the Board authorized the University to create the Retiree Health Benefits trust, which will serve as the vehicle to fund the obligation of post-employment (retiree) health benefits as required by the Government Accounting Standards (GASB) 45. The University is now requesting approval to appoint Wells Fargo as trustee for this trust.

DISCUSSION

The exclusive purpose of this trust will be to hold and invest assets to cover future liability for health and welfare benefits for retired employees of the University.

Initially, as reflected in the October 2007 agenda item, the University intended to have an employee serve as the sole trustee for this trust. After further consideration, the University has determined that a commercial bank is better suited to serve as the trustee. The trust document approved by the Board in October 2007 allows for a person, committee, or entity to be appointed as the trustee. Based on the existing banking services provided by Wells Fargo, the University has selected Wells Fargo to be trustee.

IMPACT

The decision to have a bank serve as trustee will eliminate any potential conflict issues that may arise by having an employee serve as trustee, and will ensure that the trust funds are held and managed consistent with the fiduciary services and practices in the commercial banking industry.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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BOARD ACTION

A motion to approve the University of Idaho's request to designate Well Fargo as trustee for the University of Idaho Retiree Benefits Trust.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

REFERENCE – APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: C. Spending Authority

April 2002

C. SPENDING AUTHORITY

1. Monies Subject to Appropriation

d. Board Authorization Always Required

Irrespective of any other spending authority, the institutions, school and agencies under the governance of the Board must not expend, encumber, or otherwise use monies under their direct control without the specific or general approval by the State Board of Education or the Board of Regents of the University of Idaho and only in such amounts and for such purposes as are so authorized.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

UNIVERSITY OF IDAHO

SUBJECT

Student Health Insurance Plan (SHIP), approval of rates and service provider contracts.

REFERENCE

June 2004	University of Idaho presented summary of elements of SHIP program and Regents approved program underwritten by Mega Life and Health Insurance Company.
June 2007	Informational Report to the Board on the Student Health Insurance Plan (SHIP) renewal for 2007-2008.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section III.P.16 and Sections V.I.3.a and V.R.3.b.

BACKGROUND

In its 2007 informational report to the Board, the University identified the three service providers under the SHIP: the fully-insured insurance provider (Mega Life and Health Insurance Company), the claims administrator (AmeriBen/IEC Group) and the self-insured primary care provider (Moscow Family Medicine). As indicated in that report, the University has conducted a comprehensive request for proposals (RFP) for its fully insured portion of the SHIP. In addition, it has negotiated an extension of the current contract with Moscow Family Medicine, the primary care provider, and negotiated new rates with the claims administrator. The University is seeking approval of all new or extended service provider contracts within SHIP and the corresponding rate changes for academic year 2008-2009.

DISCUSSION

All degree-seeking undergraduate and graduate students enrolled for classes or completing other required degree work within the State of Idaho, and enrolled in eight (8) credit hours at the University of Idaho Centers, or four (4) credit hours at the Moscow campus are required to carry health insurance as a condition of enrollment. The health insurance enrollment requirement for international students applies regardless of degree-seeking status or credit hours. The University has been able to maintain a program that provides outstanding coverage that students can rely on for their sole source of health insurance protection. Our program also complies with national standards for student health insurance benefits endorsed by the American College Health Association: http://www.acha.org/info_resources/stu_health_ins.pdf.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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The key elements of SHIP that are provided by vendors are fully insured coverage, self insured primary care coverage, and claims administration. The vendors and associated contracts for each of these services are discussed in more detail below.

Fully Insured Coverage:

The 2007-2008 academic year was the fifth year of the University's contract with the Mega Life and Health Insurance Company. The University issued the above referenced RFP for this portion of the SHIP on February 19, 2008, with responses due on March 13, 2008. The University received one responsive proposal from United Health Care Student Resources, which formerly was Mega Life and Health Insurance Company. Because this is the same company with which the University has been working for the past five years, the parties expect to be able to maintain the key elements of the previous contract. In addition, based on the response to the RFP, the University anticipates adding pharmacy benefits. Due to the timing of the RFP, some elements of the contract remain under negotiation, therefore the University is requesting approval of this new agreement subject to review by the Board's Executive Director and legal counsel.

Self Insured Primary Care Coverage:

Delivery of primary care services was outsourced five years ago to Moscow Family Medicine, a local physicians group and continues to be very successful. As a critical element in our suite of SHIP vendors, Moscow Family Medicine provides on-site, primary care to the student population. The University currently is conducting a SHIP strategic review that will include review of capital and structural needs for the program. Because primary care services are provided on-site, the University has opted to extend the current contract with Moscow Family Medicine rather than issue an RFP for these services, pending completion of the strategic review. Accordingly, the University is seeking approval to extend the current contract for up to two one year terms through August, 2010.

Claims Administration:

The University is working with claims administrator, AmeriBen/IEC Group, of Portland, Oregon and Boise, Idaho. The University is in the third year of a five year contract with Ameriben/IEG Group. We have found that having our claims administrator in the same time zone better serves our students when they need to contact the administrator during business hours. There is no action associated with this contract this year.

IMPACT

As part of the new, extended and existing contracts described above, the University has negotiated new rates with each vendor for the 2008-2009 academic year. In accordance with the Board's policy requiring the Board to approve changes in insurance premiums no later than three (3) months prior to the semester the change is to become effective, the University is seeking

BUSINESS AFFAIRS AND HUMAN RESOURCES
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approval of the negotiated rates for 2008-2009 and the corresponding change in the insurance premium for students. The information set out below includes current rates on a per student per semester basis, proposed rate increases per vendor, and projected total rate increases, as well as total actual and projected payments to the above three vendors over a three year period. For more detailed information regarding current plan costs for students and families and how that breaks out across the vendors please see Attachment A.

Plan costs per student per semester for the current academic year 2007-2008:

SHIP Cost Components 2007-08	Fall or Spring Semester Student-Only
The Mega Life and Health Insurance Company	
Expected Claims (net of retro)	\$370.00
Retrospective Reserve (held by UI)	\$53.00
Retention	<u>\$106.00</u>
Total Possible Premium	\$529.00
Moscow Family Medicine	\$44.50
AmeriBen/IEC Group	\$14.50
UI Benefits and Plan Expenses	\$61.00
Total Cost of Coverage	\$649.00

Negotiated rate change for each vendor for academic year 2008-2009:

The United Health Care Student Resources: Increase of 7.0%

Moscow Family Medicine: Increase of 7.87%

AmeriBen/IEC Group: Increase of 5%

Projected plan costs per student per semester for the 2008-2009 academic year based on above negotiated rate changes:

SHIP Cost Components 2007-08	Fall or Spring Semester Student-Only
United Health Care Student Resources	
Expected Claims (net of retro)	\$401.00
Retrospective Reserve (held by UI)	\$53.00
Retention	<u>\$113.00</u>
Total Possible Premium	\$567.00

BUSINESS AFFAIRS AND HUMAN RESOURCES
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Moscow Family Medicine	\$48.00
AmeriBen/IEC Group	\$15.25
UI Benefits and Plan Expenses	\$64.00
Total Cost of Coverage	\$694.25

Total payments for academic year 2006-2007 to each vendor:

The Mega Life and Health Insurance Company:	\$2,670,170.59
Moscow Family Medicine:	\$ 229,143.65
AmeriBen/IEC Group:	<u>\$ 75,049.54</u>
Total:	\$2,974,363.78

Total *projected* payments for academic year 2007-2008 to each vendor:

Mega Life and Health Insurance Company:	\$2,715,432.80
Moscow Family Medicine:	\$ 223,206.16
AmeriBen/IEC Group:	<u>\$ 71,605.02</u>
Total:	\$3,010,243.98

Total *projected* payments for academic year 2008-2009 to each vendor
(dependent upon enrollment in the SHIP):

United Health Care Student Resources:	\$2,608,200.00
Moscow Family Medicine:	\$ 220,800.00
AmeriBen/IEC Group:	<u>\$ 70,150.00</u>
Total:	\$2,899,150.00

Note: The decrease in projected payments is due to a projected decrease in participation, due in part to changes in Idaho law allowing students to stay on their parents insurance for a longer period.

ATTACHMENTS

Attachment 1 –Detailed SHIP costs by vendor for current year	Page 6
Attachment 2 – Moscow Family Medicine Agreement with current Extension (addendum 6)	Page 7

STAFF COMMENTS AND RECOMMENDATIONS

Institutional representatives will be available to discuss proposed student health insurance rates.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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BOARD ACTION

A motion:

- 1) to approve the 2008-2009 Student Health Insurance Plan rates, and
- 2) to authorize the University to take such actions necessary to complete the contract between the University and United Health Care Student Resources, and to authorize the Executive Director of the State Board of Education to approve the final contract before execution by the University, subject to review by the Board's legal counsel, and
- 3) to approve the agreement between the University and Moscow Family Medicine in substantial conformance to the contract submitted to the Board in Attachment 2.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

ATTACHMENT 1

Cost Distribution for Student Health Insurance Program for 2007-2008, per semester:

SHIP Cost Components	Student Only	Spouse	Per Child	Summer Student Only
The Mega Life and Health Insurance Company	\$370.00	\$937.00	\$553.00	\$261.00
Expected Claims (Net of Retro)	\$ 53.00	\$134.00	\$ 79.00	\$ 26.00
Retention	\$106.00	\$267.00	\$158.00	\$ 86.00
Total Possible Premium	\$529.00	\$1,338.00	\$790.00	\$373.00
Moscow Family Medicine	\$44.50	\$140.00	\$ 85.00	\$ 30.00
Ameriben/IEG Group	\$14.50	\$ 0.00	\$ 0.00	\$ 10.00
UI Benefits and Plan Expenses	\$61.00	\$ 64.00	\$ 60.00	\$ 50.00
Total Cost of Coverage	\$649.00	\$1,542.00	\$935.00	\$463.00

ADDENDUM NUMBER Six MASTER AGREEMENT

Overview

The University has requested an additional one-year renewal for the 2008-09 plan year beyond the original agreement presented under the request for proposal process that initiated the University's relationship with Moscow Family Medicine for the 2002-03 plan year. The recent review of Student Health Services operation has confirmed that MFM has provided outstanding service to the University of Idaho and its students. This conclusion is supported for assessments for quality of care, productivity and fiscal effectiveness, use of advanced electronic health records system technology, legal compliance and risk management, and staff dedication.

The University will begin the request for proposal process to consider its options to develop a long-term strategy for continuing the partial outsourcing arrangement for Student Health Services on a long-term basis. This will allow the University to continue moving forward with options for developing a new facility to house Student Health Services. Based on the performance provided over the past six years, Moscow Family Medicine is well positioned to continue its service relationship with the University of Idaho.

The capitation arrangement with MFM is an integral part of the highly successful student health insurance program provided by the University of Idaho. The cost of the SHIP remains a major concern for the University and its students. There are strong reasons why the University has a SHIP that is much lower in cost than comparable (ACHA compliant) programs at other universities (e.g., rural location, component self-funding arrangements, reduced retention charges by direct contracting for claims administration and consulting services, and the exceptional effectiveness of the direct provider contracting with local area physicians and hospitals).

Plan Year& Average Enrollment	2002-03 4,151	2003-04 3,995	2004-05 3,480	2005-06 2,970	2006-07 2,700	2007-08 2,300	2008-09 2300
Semester Ship Cost	\$322	\$399	\$455	\$518	\$596	\$649	\$694.25
% Increase from Previous Year	N/A	23.99%	14.0%	13.8%	15.1%	8.9%	7.0%

1. **Moscow Family Medicine Capitation Fee Adjustment for 2008-09**

MFM SHIP Capitation by Semester	2007-08	2008-09 Renewal
Semester		
Student	\$44.50	\$48.00
Spouse	\$140.00	\$151.00
Per Child	\$85.00	\$91.80
New Students—Summer*		
Student	\$30.00	\$32.40
Spouse	\$95.00	\$102.60
Per Child	\$57.00	\$61.50

2. **Renewal Provisions for 2008-09**

The following are specific provisions Addendum Number Six establishing the 2008-09 renewal for Moscow Family Medicine:

a. Enrollment System Change

The University is strengthening the requirement for health insurance for international students. Only international students who have coverage through an approved embassy-sponsored plan or other approved international insurer will be accepted for waiving SHIP.

b. Summer Coverage Under Capitation for 2008-09

The benefits for summer coverage are the same as provided under the fall and spring semesters for capitation.

c. Charges at QuickCARE

It was determined from legal counsel adding charges from QuickCARE to student accounts is not permissible.

d. Schedule for Fall Capitation Payment and Billing Format

We agreed to split the preliminary payment in two with two payments, the first payment due on August 1 and the second on September 15 (or the next following business days if these dates fall on a day when the University is closed). MFM will provide billing in the Excel™ file format required by the University. Billing will also be provided within 30 days of the date expenses are incurred by students.

e. Services for Psychiatrist and Campus Dietician

- f. MFM in cooperation with the University will continue to provide support for reception services for the University Psychiatrist and Campus Dietician. MFM will continue to provide access to the electronic health records system for the University Psychiatrist. Services Provided by MFM

The charge for a regular office visit will be \$15.00 per visit for 2008-09 plan year for SHIP covered persons.

MFM will provide colposcopy procedures, allergy testing, and hormone therapy at Student Health Services. The co-pay will be \$40.00 for each procedure for SHIP covered persons.

Services for cryotherapy will be performed at Student Health Services including the follow up six month exam.

All services provided at Student Health Services (e.g. removal of lesions) that are for care for injury or illness, or women's health exams will be covered by capitation. Any previous references to simple versus complex procedures are removed in determining when a service is covered by the capitation. Services related to employment physicals, obstetrical care, services that cannot be reasonably provided at Student Health Services will continue to be excluded.

Laboratory services performed at MFM's Main Street location will continue to be covered by the capitation when the specimen is taken at Student Health Services (this limitation does not apply if Student Health Services is closed during the summer). MFM will continue to use PRL for other reference lab and the University will continue to fund this liability for SHIP covered persons.

QuickCare Visits

Services at Quickcare are available for students and dependents when the Student Health Clinic is closed or with an authorized referral from a Student Health Clinic provider. Visits are subject to a \$20.00 co-payment per visit for services within the definition of Primary Care Services. (Refer to pg. 6 of the SHIP brochure for additional information)

g. Location of Services for summer 2008

MFM will keep the location of summer services at the on-campus location at Student Health Services. Regardless of the location of services, the University requires that days of operation and hours of service be consistent with the other Student Affairs Services. The hours of summer operation are:

8:30 am to 3:00 pm

The facility will close from 12:00 to 12:30 for lunch

h. Personnel

The University supports MFM's need to make personnel changes to best meet the needs of the University and the MFM organization.

i. Facility Cleaning

The University agreed to extend the current arrangement whereby the University shares in the cost of facility cleaning for the 2008-09 plan year. The ability to fund these services is contingent on an overall favorable outcome for 2008-09 for the Student Health Program budget.

j. No-Show Fee

The University reauthorized MFM to continue to charge a no-show fee for missed appointments for 2008-09.

Review of RFP Deliverables

The University agrees that MFM has fulfilled all of the deliverables (and subsequent modifications through final negotiations and subsequent annual renewal negotiations) specified in Section 3.9 of the Request for Proposals documents).

We discussed the long-term need for Student Health Services to obtain AAAHC accreditation. We agreed this objective is part of the consideration of long-term facility issues.

This Amendments (the "Amendment" is made and entered into, effective as of August 21, 2006 (the "Effective Date), by and between Moscow Family Medicine (hereinafter called "MFM"), and the University of Idaho (hereinafter called "the University"), concurrently with and as an Amendment to the Master Agreement (hereinafter called "the Agreement"). In the event of any conflict between the terms of this Amendment and the original Agreement to which it is amended, the terms of this Amendment will superseded he terms of the original Agreement and will be controlling. The term "Agreement" as used here, will collectively refer to the Master Agreement as modified by this superseding Amendment.

1.1 TERM OF AGREEMENT

The contract period will be from August 25, 2008 through August 23, 2009.

1.2 ENTIRE AGREEMENT

This Amendment along with the Master Agreement constitutes the entire Agreement between the parties. No change thereto shall be valid unless communicated in writing in the stipulated manner and signed by the University and MFM.

The effective date of this Amendment is August 25, 2008

UNIVERSITY OF IDAHO

MOSCOW FAMILY MEDICINE

Signature	Signature
Print Name	Print Name
Purchasing Manager	
Title	Title
Date	Date

ADDENDUM NUMBER FIVE MASTER AGREEMENT

Overview

The University has requested an additional one-year renewal for the 2007-08 plan year beyond the original agreement presented under the request for proposal process that initiated the University's relationship with Moscow Family Medicine for the 2002-03 plan year. The recent review of Student Health Services operation has confirmed that MFM has provided outstanding service to the University of Idaho and its students. This conclusion is supported for assessments for quality of care, productivity and fiscal effectiveness, use of advanced electronic health records system technology, legal compliance and risk management, and staff dedication.

The University will begin the request for proposal process to consider its options to develop a long-term strategy for continuing the partial outsourcing arrangement for Student Health Services on a long-term basis. This will allow the University to move forward with options for developing a new facility to house Student Health Services. Based on the performance provided over the past five years, Moscow Family Medicine is well positioned to continue its service relationship with the University of Idaho.

The capitation arrangement with MFM is an integral part of the highly successful student health insurance program provided by the University of Idaho. The cost of the SHIP remains a major concern for the University and its students. There are strong reasons why the University has a SHIP that is much lower in cost than comparable (ACHA compliant) programs at other universities (e.g., rural location, component self-funding arrangements, reduced retention charges by direct contracting for claims administration and consulting services, and the exceptional effectiveness of the direct provider contracting with local area physicians and hospitals).

Below is the proposed renewal for SHIP for the plan year 2007-08:

Plan Year & Average Annual Enrollment	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	4,151	3,995	3,480	2,970	2,700	TBD
Semester SHIP Cost	\$322	\$399	\$455	\$518	\$596	\$649
% Increase from Previous Year	N/A	23.9%	14.0%	13.8%	15.1%	8.9%

1. Moscow Family Medicine Capitation Fee Adjustment for 2007-08

MFM SHIP Capitation by Semester		2006-07	2007-08 Renewal
Semester			
	Student	\$40.50	\$44.50
	Spouse	\$127.00	\$140.00
	Per Child	\$77.00	\$85.00
New Students—Summer*			
	Student	\$27.00	\$30.00
	Spouse	\$86.00	\$95.00
	Per Child	\$52.00	\$57.00

2. Renewal Provisions for 2007-08

The following are specific provisions Addendum Number Four establishing the 2007-08 renewal for Moscow Family Medicine:

a. Enrollment System Change

The University is strengthening the requirement for health insurance for international students. Only international students who have coverage through an approved embassy-sponsored plan or other approved international insurer will be accepted for waiving SHIP. The University is proceeding with the same requirement for graduate students.

b. Summer Coverage Under Capitation for 2007-08

The benefits for summer coverage are the same as provided under the fall and spring semesters for capitation.

c. Charges at QuickCARE

It was determined from legal counsel adding charges from QuickCARE to student accounts is not permissible.

d. Schedule for Fall Capitation Payment and Billing Format

We agreed to split the preliminary payment in two with two payments, the first payment due on August 1 and the second on September 15 (or the next following business days if these dates fall on a day when the University is closed). MFM will provide billing in the Excel™ file format required by the University. Billing will also be provided within 30 days of the date expenses are incurred by students.

e. Services for Psychiatrist and Campus Dietician

Moscow Family Medicine in cooperation with the University will research options and develop a workable solution for providing scheduling services and reception for the University Psychiatrist and Campus Dietician. The University will provide the technical support to facilitate this service. MFM will continue to provide access to the electronic health records system for the University Psychiatrist.

f. Services Provided by MFM

- The charge for a regular office visit will increase from \$12.00 to \$15.00 per visit for 2007-08 plan year for SHIP covered persons.
- MFM is providing colposcopy procedures at Student Health Services. The co-pay for the procedure will remain at \$40.00 for SHIP covered persons.
- Services for cryotherapy will be performed at Student Health Services including the follow up six month exam.

All services provided at Student Health Services (e.g., removal of lesions) that are for care for injury, illness, or women's health exams will be covered by the capitation. Any previous references to simple versus complex procedures are removed in determining when a services covered by the capitation. Services related to employment physicals, obstetrical care, services that cannot be reasonably provided at Student Health Services will continue to be excluded.

- Laboratory services performed at MFM's Main Street location will continue to be covered by the capitation when the specimen is taken at Student Health Services (this limitation does not apply if Student Health Services is closed during the summer). MFM will continue to use PRL for other reference lab and the University will continue to fund this liability for SHIP covered persons.

g. Location of Services for summer 2007 and 2007-08

MFM will keep the location of summer services at the on-campus location at Student Health Services. Regardless of the location of services, the University requires that days of operation and hours of service be consistent with other student affair services. The hours of summer operation are:

8:30 am to 3:00 pm

**The facility will close from 12:00 to 12:30 for lunch.

h. Personnel

The University supports MFM's need to make personnel changes to best meet the needs of the University and the MFM organization.

i. Facility Cleaning

The University agreed to extend the current arrangement whereby the University shares in the cost of facility cleaning for the 2007-08 plan year. The ability to fund these services is contingent on an overall favorable outcome for 2007-08 for the Student Health Program budget.

j. No-Show Fee

The University reauthorized MFM to continue to charge a no-show fee for missed appointments for 2007-08.

3. Review of RFP Deliverables

The University agrees that MFM has fulfilled all of the deliverables (and subsequent modifications through final negotiations and subsequent annual renewal negotiations) specified in Section 3.9 of the Request for Proposals documents).

We discussed the long-term need for Student Health Services to obtain AAAHC accreditation. We agreed this objective is part of the consideration of long-term facility issues.

This Amendments (the "Amendment" is made and entered into, effective as of August 21, 2006 (the "Effective Date), by and between Moscow Family Medicine (hereinafter called "MFM"), and the University of Idaho (hereinafter called "the University"), concurrently with and as an Amendment to the Master Agreement (hereinafter called "the Agreement"). In the event of any conflict between the terms of this Amendment and the original Agreement to which it is amended, the terms of this Amendment will superseded he terms of the original Agreement and will be controlling. The term "Agreement" as used here, will collectively refer to the Master Agreement as modified by this superseding Amendment.

1.1 TERM OF AGREEMENT

The contract period will be from August 20, 2007 through August 17, 2008.

1.2 ENTIRE AGREEMENT

This Amendment along with the Master Agreement constitutes the entire Agreement between the parties. No change thereto shall be valid unless communicated in writing in the stipulated manner and signed by the University and MFM.

The effective date of this Amendment is August 20, 2007

UNIVERSITY OF IDAHO

MOSCOW FAMILY MEDICINE

Signature

Signature

Christopher Johnson

Jeffrey E Geier

Print Name

Print Name

Director, Contracts and Purchasing Service

Administrator

Title

Title

Date

Date

8-20-07

9-11-07

ADDENDUM NUMBER FOUR MASTER AGREEMENT

Overview

The 2006-07 renewal is the last one-year extension that is permitted under the request for proposal process that initiated the University's relationship with Moscow Family Medicine for the 2002-03 plan year. The recent external review of Student Health Services confirmed that MFM has provided outstanding service to the University of Idaho and its students. This conclusion is supported for assessments for quality of care, productivity and fiscal effectiveness, use of advanced electronic health records system technology, legal compliance and risk management, and staff dedication. We are also encouraged by the emerging student survey results that show an extraordinary increase in user satisfaction for Student Health Services over the past five years.

The University will begin considering its options this fall to develop a long-term strategy for continuing the partial outsourcing arrangement for Student Health Services on a long-term basis. This will allow the University to move forward with options for developing a new facility to house Student Health Services.

The capitation arrangement with MFM is an integral part of the highly successful student health insurance program provided by the University of Idaho. The cost of the SHIP remains a major concern for the University and its students. There are strong reasons why the University has a SHIP that is much lower in cost than comparable (ACHA compliant) programs at other universities (e.g., rural location, component self-funding arrangements, reduced retention charges by direct contracting for claims administration and consulting services, and the exceptional effectiveness of the direct provider contracting with local area physicians and hospitals). Nonetheless, it is disconcerting to see that the University of Idaho may have the nation's second lowest health fee among land-grant institutions and our student health insurance program's annual cost is almost \$350 less than would be expected for public universities that comply with ACHA insurance standards. Undoubtedly, as a secondary concern relative to decline in spread of risk because of loss of enrollment, some component of the increases from 2002-03 (our first year of mandatory insurance) are making up for the program not having a sufficient funding level from the outset. In consideration of both loss of plan participation and a low funding level, it is probably remarkable that cost increases have not been greater.

Plan Year & Average Annual Enrollment	2002-03	2003-04	2004-05	2005-06	2006-07
	4,151	3,995	3,480	2,970	TBD
Semester SHIP Cost	\$322	\$399	\$455	\$518	\$596
% Increase from Previous Year	N/A	23.9%	14.0%	13.8%	15.1%

1. Moscow Family Medicine Capitation Fee Adjustment for 2006-07

MFM SHIP Capitation by Semester	2005-06	2006-07 Renewal
Semester		
Student	\$37.00	\$40.50
Spouse	\$106.00	\$127.00
Per Child	\$64.00	\$77.00
New Students—Summer*		
Student	\$0.00	\$27.00
Spouse	\$0.00	\$86.00
Per Child	\$0.00	\$52.00
* The new student summer only rate did not apply to 2005-06 because the renewal for 2005-06 continued the 2004-05 arrangement of having MFM bill charges on a fee-for-service basis at Student Health Services and QuickCARE.		

2. Renewal Provisions for 2006-07

The following are specific provisions Addendum Number Four establishing the 2006-07 renewal for Moscow Family Medicine:

a. Enrollment System Change

The University is strengthening the requirement for health insurance for international students. Only international students who have coverage through an approved embassy-sponsored plan or other approved international insurer will be accepted for waiving SHIP.

b. Retroactive Summer Coverage Under Capitation for 2005-06

The University and MFM agreed that the 2006-07 capitation rates will provide retroactive funding for capitation coverage of summer 2005-06 charges. The 2006-07 summer period will also be covered by capitation. The benefits are the same as provided under the fall and spring semesters for capitation.

c. Charges at QuickCARE

It was determined from legal counsel adding charges from QuickCARE to student accounts is not permissible.

d. Schedule for Fall Capitation Payment and Billing Format

We agreed to split the preliminary payment in two with two payments, the first on August 1 and the second on September 15 (or the next following business days if these dates fall on a day when the University is closed). MFM will provide billing in the Excel™ file format required by the University. Billing will also be provided within 30 days of the date expenses are incurred by students.

e. Appointment for Dr. Cone and EHR for Nutritionist

MFM will continue to provide appointment services for Dr. Cone and access to the electronic health records system. MFM will determine if it is possible to add the nutritionist to the system and also provide appointment scheduling.

f. Services Provided by MFM

- MFM will explore the possibility of providing colposcopy procedures at Student Health Services. The University agrees to purchase up to \$5,000 for the necessary equipment to provide this service. The University will also agree to allow MFM to charge a procedure copayment (**not to exceed \$40**) to SHIP covered persons.
- All services provided at Student Health Services (e.g., removal of lesions) that are for care for injury, illness, or women's health exams will be covered by the capitation. Any previous references to simple versus complex procedures are removed in determining when a services covered by the capitation. Services related to employment physicals, obstetrical care, services that cannot be reasonably provided at Student Health Services will continue to be excluded.
- Laboratory services performed at MFM's Main Street location will continue to be covered by the capitation when the specimen is taken at Student Health Services (this limitation does not apply if Student Health Services is closed during the summer). MFM will continue to use PRL for other reference lab and the University will continue to fund this liability for SHIP covered persons.

g. Location of Services for summer 2005-06 and 2006-07

MFM is considering whether to keep the location of summer services at the on-campus location at Student Health Services or to move to its Main Street location. The University's preference is to have the facility close this summer. Regardless of the location of services, the University requires that days of operation and hours of service be consistent with other student affair services.

h. Personnel

The University supports MFM's need to make personnel changes to best meet the needs of the University and the MFM organization.

i. Facility Cleaning

The University agreed to extend the current arrangement whereby the University shares in the cost of facility cleaning for the 2005-06 plan year. The ability to fund these services is contingent on an overall favorable outcome for 2005-06 for the Student Health Program budget.

j. No-Show Fee

The University reauthorized MFM to continue to charge a no-show fee for missed appointments for 2006-07.

3. **Review of RFP Deliverables**

The University agrees that MFM has fulfilled all of the deliverables (and subsequent modifications through final negotiations and subsequent annual renewal negotiations) specified in Section 3.9 of the Request for Proposals documents).

We discussed the long-term need for Student Health Services to obtain AAAHC accreditation. We agreed this objective is part of the consideration of long-term facility issues.

This Amendments (the "Amendment" is made and entered into, effective as of August 21, 2006 (the "Effective Date"), by and between Moscow Family Medicine (hereinafter called "MFM"), and the University of Idaho (hereinafter called "the University"), concurrently with and as an Amendment to the Master Agreement (hereinafter called "the Agreement"). In the event of any conflict between the terms of this Amendment and the original Agreement to which it is amended, the terms of this Amendment will superseded he terms of the original Agreement and will be controlling. The term "Agreement" as used here, will collectively refer to the Master Agreement as modified by this superseding Amendment.

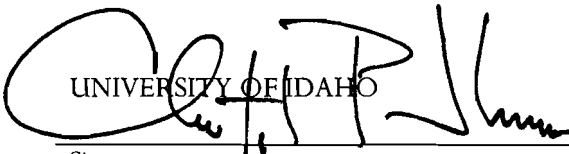
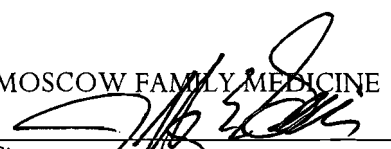
1.1 TERM OF AGREEMENT

The contract period will be from August 21, 2006 through August 19, 2007.

1.2 ENTIRE AGREEMENT

This Amendment along with the Master Agreement constitutes the entire Agreement between the parties. No change thereto shall be valid unless communicated in writing in the stipulated manner and signed by the University and MFM.

The effective date of this Amendment is August 21, 2006

 UNIVERSITY OF IDAHO	 MOSCOW FAMILY MEDICINE
Signature	Signature
CHRISTOPHER P. JOHNSON	JEFFREY E. GEIER
Print Name	Print Name
DIRECTOR, CONTRACTS & PURCHASING	Administrator
Title	Title
10-18-06	11-8-2006
Date	Date

AMENDMENT NUMBER THREE TO THE UNIVERSITY OF IDAHO MASTER AGREEMENT

This Amendment (the "Amendment") is made and entered into, effective as of July 1, 2005 (the "Effective Date"), by and between Moscow Family Medicine (hereinafter called "the Contractor"), and the University of Idaho (hereinafter called "the University"), concurrently with and as an Amendment to the Master Agreement (hereinafter called "the Agreement"). In the event of any conflict between the terms of this Amendment and the original Agreement to which it is amended, the terms of this Amendment will supersede the terms of the original Agreement and will be controlling. The term "Agreement," as used herein, will collectively refer to the Master Agreement as modified by this superseding Amendment.

1.1 TERM OF AGREEMENT

The contract period will be from July 1, 2005 through June 30, 2006.

1.2 ENTIRE AGREEMENT

This Amendment along with (a) the original Master Agreement; and (b) the attached Exhibit A; constitutes the entire Agreement between the parties. No change thereto shall be valid unless communicated in writing in the stipulated manner and signed by the University and the Contractor.

The effective date of this Amendment is July 1, 2005.

UNIVERSITY OF IDAHO


Signature

Linda Hart
Print Name

Purchasing Manager
Title

5-7-05
Date

MOSCOW FAMILY MEDICINE


Signature

Wayne L. Ruby, MD
Print Name

President
Title

5-13-05
Date

**ADDENDUM NUMBER THREE
MASTER AGREEMENT
EXHIBIT A**

Overview

The University of Idaho appreciates the value and quality of service provided by Moscow Family Medicine. The selection of MFM to provide primary care services has improved both quality of care and cost effectiveness of an essential service for students. Most important, we want the renewal negotiation for 2005-06 to facilitate our continued success and MFM's continued interest in providing services for UI students.

Moscow Family Medicine (MFM) Capitation and Deliverables

Category of Coverage	2004-05	2005-06 Renewal
<u>Semester</u>		
Student	\$28.50	\$37.00
Spouse	\$89.00	\$106.00
Per Child	\$53.50	\$64.00
<u>New Students – Summer</u>		
Student	\$0.00	\$0.00
Spouse	\$0.00	\$0.00
Per Child	\$0.00	\$0.00
<u>Qualified Late Enrollees</u>		
Student	\$7.00	\$ 9.00
Spouse	\$22.50	\$27.00
Per Child	\$13.00	\$15.50

1. The University will make three payments to MFM for each coverage period as follows: (1) 50% of projected capitation on the first day of classes; (2) 40% of the projected capitation 10 days following the end of the waiver deadline; and (3) 10% of the final capitation within 30 days of the end of the coverage period.
2. Laboratory services completed at MFM's main laboratory for illness or injury care will be compensated under the capitation effective for 2005-06. This includes laboratory testing ordered by the University's Psychiatrist. Except for routine testing related to an annual women's health exam, this agreement does not apply to any laboratory services that are not related to illness or injury care such as employment physicals or laboratory testing for nutrition counseling when there is not diagnosis for an underlying illness. Routine testing is not covered under the capitation and charges should be transferred to the student's account.
3. The electronic health record (EHR) software licensing costs and other related charges for Dr. Cone's records on MFM's system may be billed to the University of Idaho for 2004-05.

4. For FY 05, the University will agree to consider making a retroactive contribution toward the cost of facility cleaning to the extent there are sufficient funds from the University's Student Health Programs. As of the date of this document, it is too soon to project whether any surplus will emerge. The additional distribution to MFM will occur on or about July 15, 2005, if a surplus occurs.

Facility cleaning charges incurred by MFM during 2005-06 may be presented to the University this fall for consideration of being included in the health fee funding increase that may be considered for 2006-07. Thus, the facility cleaning cost will be borne by all students who have paid the health fee rather than only those students who are covered by the SHIP. The University cannot guarantee that the 2005-06 facility cleaning cost will be funded by an increase to the health fee for 2006-07.

5. The University will support MFM's adjustments to the provider staffing level and/or productivity expectations to better assure the fiscal viability of providing primary care services to UI students and their dependents.
6. The University will pay for the cost of repairing the radiology equipment.
7. The University confirmed that it is permissible for MFM to charge a \$10.00 no show fee for missed appointments. If the patient calls anytime prior to the appointment and cancels or reschedules; the no show fee does not apply.
8. The University will receive revenue and expense reports for privately insured and SHIP covered populations from MFM on a quarterly basis. MFM will report privately insured and SHIP covered persons visit counts on a weekly basis.
9. The University and MFM agreed upon the following for the effective dates for Fall 2005:
 - SHIP covered persons who are required to be on campus early will be directed to the Student Benefits Office to have their effective date changed in the Banner System.
 - MFM will agree to use the Vandal Card as adequate evidence of eligibility for services during this early coverage period for the 2005-06 plan year.
 - For privately insured students who present at Student Health Services prior to the effective date for the fall semester (regardless of whether or not they are required to be on campus), MFM has the discretion of providing services at Student Health Services or referring student to QuickCARE, the main street clinic, or other community health care providers. Unless demand exceeds staff resources (e.g., when athletic physicals are being performed) the University would encourage MFM to see privately insured patients prior to the effective date, with first preference for access to privately insured students who are required to be on campus.

10. The University confirmed the capitation for the spring semester ends at the close of Student Health Services on June 3, 2005. MFM may bill fee-for-service charges to the claims administrator for any services provided by MFM to SHIP covered students, regardless of location, until the effective date for the fall semester (or early effective date as provided above). These fee-for-service charges will be subject to the eligible expense provisions of the SHIP and the SHIP's deductible and coinsurance provisions. The \$20 co payment feature at QuickCARE also ends at the close of business on June 3, 2005. MFM will return to Student Health Services on August 1, 2005 for the beginning of fall semester.

The University will send an email reminder to students about how charges at Student Health Services and QuickCARE will be covered by the SHIP during the summer. We will also remind Klais & Company of the change so that they will be ready to administer fee-for-service charges from any MFM location.

11. MFM will review the text in the 2004 -05 Student Health Program brochure on pages 16-17 describing the scope of care, hours of operation, eligibility, and other provisions, relating to the operation of Student Health Services. Any questions, concerns, or requested changes should be communicated to the Student Benefits Office. All of the benefits and eligibility provisions throughout the brochure for SHIP coverage relative to Student Health Services and QuickCARE should also be reviewed by MFM.
12. The University and MFM briefly reviewed the facility plans for the new building under consideration by Gritman Medical Center. We agreed the potential for a new facility creates exciting opportunities to improve program marketing, provider efficiency, staff comfort, and joint use of resources (e.g., radiology and laboratory equipment shared use between Student Health Services and QuickCARE). The following are summary notations regarding this opportunity:
- The space plan looks adequate for both Student Health Services and QuickCARE operations and future growth. More detailed review of the space plan is required relative to current and future operations to confirm this preliminary opinion. The space plan should, however, include an option for continuing to operate a UI Pharmacy. Because of the costs associated with transferring this service to a fully insured arrangement, it may be financially advantageous for the University to continue to operate a pharmacy for the foreseeable future. Of course, all other present UI functions and services must be provided for in the new facility.
 - The projected facility lease cost looks very favorable. We all agreed the initial cost expectation is probably unrealistically low. Even if the figure increases significantly, the cost associated with obtaining access to a new facility look very favorable compared to new building costs for the University.
 - Although it may be conceivable to move to the new facility for 2005-06, the University has no capability (to our knowledge) of being able to pay for rental expenses under 2005-06 budgets. The new facility cost, and other items that should be included in the health fee, need to be identified in the fall semester to be included in the budget process for 2006-07.
 - The University will inventory existing equipment and jointly assess with MFM the suitability for transfer of equipment to a new facility.

13. Except as otherwise discussed above, the following is a summary discussion of our review of the RFP deliverables and the 2004-05 renewal which resulted in Amendment Number Two to the Master Agreement (Exhibit A).

Outreach Program Activities

- The outreach program that was envisioned did not fully evolve. The flu and meningitis inoculation clinic was cancelled because of the national restrictions on the use of the flu vaccine.
- A MFM representative has created a PowerPoint outreach presentation designed for Greek houses and living groups to use in responding to health related speaking requests. We would like to average two presentations per month during the school year.
- Virginia Beck, UI Nutrition Counselor, has been accepted as a resource by our clinicians and is building a caseload. She regularly conducts nutrition related outreach for both the Student Health Center and the Recreation Center.

The parent newsletter (following the Cornell University model) was not developed. We would like to reconsider this newsletter for the fall semester. Other program marketing efforts envisioned for 2004-05 have not occurred (e.g., table tents at various UI locations, newspaper advertisements, radio station advertisements, etc.). Student Benefits Health & Wellness and MFM will work together to develop a comprehensive marketing approach.

Payments and Transfers

The financial aspects of the contractual agreement with Moscow Family Medicine were reviewed. The transfers for billing to student accounts will be billed weekly using a numbered invoicing system and payable on a net 30 day billing cycle. The University will be transferring the student account charges electronically and requests MFM to utilize a format compatible with the University system to expedite the processing.

SHIP Benefit Design Changes for 2004-05

SHIP benefit design changes for 2004-05 were reviewed and implemented successfully. MFM should review the note above pertaining to transition to fee-for-service charges from capitation for the summer coverage period.

3.9-A: Respond to the Unique Needs of the University of Idaho

The University finds that MFM has provided outstanding service. Continued periodic orientations between MFM and UI staff should continue to improve our "team" environment.

3.9-C: Location and Hours of Operation

Moscow Family Medicine has fulfilled all expectations under this deliverable.

3.9-D: Medical and Administrative Support Staffing

This deliverable was fully satisfied by MFM.

- Changes in professional staff for 2005-06 are discussed above.
- QuickCARE utilization by SHIP covered persons is appropriate.
- Per our note for 2004-05 renewal, MFM and on-call Physician and QuickCARE need to be better marketed to decrease emergency room utilization.

3.9-E: Services for Comprehensive SHIP

This deliverable was fully satisfied by MFM.

3.9-G: Emergency Situations

We agreed Moscow Family Medicine has fulfilled the expectations under this deliverable relative to assisting the University with emergency preparedness and being appropriately available for minor emergency care situations. During the 2004-05 academic year Beth Papineau has been appointed a member of the University Safety Committee representing Student Health.

3.9-I: Fulfill Use Obligations or Student Health Services Facility

Moscow Family Medicine has fulfilled this deliverable.

3.9-J: Referrals to Community Health Care Providers

We agreed that Moscow Family Medicine has fulfilled all deliverables community care referrals.

3.9-K: Quality Assurance Program, Evidence-Based Medicine, and Accreditation

Moscow Family Medicine has satisfied this deliverable. Accreditation remains a priority for the University of Idaho. The University will not actively pursue this objective until facility issues have been settled.

In regard to quality assurance, we noted the audit provisions in the RFP include a quality of care assessment. We agreed this audit provision also applies to MFM's ability to audit the University for enrollment and compensation under the SHIP capitation.

3.9-L: Capability to Bill Third Party Payers

We agree that Moscow Family Medicine has fulfilled all aspects of this deliverable, including providing care under Medicaid.

3.9-M: Facility and/or Equipment Renovations at Student Health Services

This deliverable was terminated at the end of the first contract year.

3.9-N: Utilization Data

Conversations during the 2005 renewal discussion resulted in an acceptable format for mutual tracking of utilization data. These data will continue to be regularly collected at the reception desk. (See #8 above)

3.9-O: General

From an overall perspective, the University is satisfied with the third year of operation of Student Health Services and we look forward to a long and mutually beneficial relationship in providing a student health program for the students of the University of Idaho.

AMENDMENT NUMBER TWO TO THE UNIVERSITY OF IDAHO MASTER AGREEMENT

This Amendment (the "Amendment") is made and entered into, effective as of July 1, 2004 (the "Effective Date"), by and between Moscow Family Medicine (hereinafter called "the Contractor"), and the University of Idaho (hereinafter called "the University"), concurrently with and as an Amendment to the Master Agreement (hereinafter called "the Agreement"). In the event of any conflict between the terms of this Amendment and the original Agreement to which it is amended, the terms of this Amendment will supersede the terms of the original Agreement and will be controlling. The term "Agreement," as used herein, will collectively refer to the Master Agreement as modified by this superseding Amendment.

1.1 TERM OF AGREEMENT

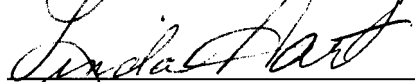
The contract period will be from July 1, 2004 through June 30, 2005.

1.2 ENTIRE AGREEMENT

This Amendment along with (a) the original Master Agreement; and (b) the attached Exhibit A; constitutes the entire Agreement between the parties. No change thereto shall be valid unless communicated in writing in the stipulated manner and signed by the University and the Contractor.

The effective date of this Amendment is July 1, 2004.

UNIVERSITY OF IDAHO



Signature

Linda HART

Print Name

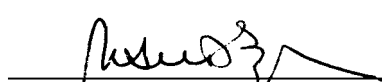
Purchasing Manager

Title

5-11-04

Date

MOSCOW FAMILY MEDICINE



Signature

PETER D BERGER

Print Name

ADMINISTRATOR

Title

6/29/04

Date

**ADDENDUM NUMBER TWO
MASTER AGREEMENT
EXHIBIT A**

Category of Coverage	2003-04	2004-05 Renewal
<u>Semester</u>		
Student	\$28.82	\$28.50
Spouse	\$90.10	\$89.00
Per Child	\$53.53	\$53.50
<u>New Students – Summer</u>		
Student	\$19.03	\$19.00
Spouse	\$59.81	\$60.00
Per Child	\$36.37	\$36.00
<u>Qualified Late Enrollees</u>		
Student	\$7.21	\$7.00
Spouse	\$23.06	\$22.50
Per Child	\$14.18	\$13.00

These rates were arrived at by the University's acceptance of the proposed renewal rate increase by MFM and the following scope of service or benefit changes: (1) exclude services performed during the period of the day after spring graduation through August 14, 2005, under the capitation (these services will be eligible for SHIP coverage under the in-network benefit category; (2) increase the per visit co-payment from \$10 to \$12; and (3) expand the capitation to include burn treatment, durable medical equipment, and all orthopedic procedures presently available at Student Health Services. All other components of our current agreement are renewed, except as specifically noted herein.

The following is a summary of key points from the renewal discussion held on March 10, 2004 and other recent discussions during the course of our weekly meetings pertaining to the renewal:

1. Outreach Program for Student Health Services

As part of our renewal for 2004-05, we have agreed Moscow Family Medicine will assist the University with an outreach program for Student Health Services. Examples of services include, but may not be limited to:

- A flu and meningitis inoculation clinic.
- Hall and house visits to educate regarding sexually transmitted diseases.
- Smoking cessation outreach activities

2. Improve Program Marketing

We will work with MFM to improve program marketing, with an emphasis on attracting an increasing number of privately insured students into Student Health Services. We will consider developing a parent newsletter following the model by Cornell University. Moscow Family Medicine providers (especially at QuickCARE) will try to remind students that they can often receive medications at a lower cost by using the pharmacy at Student Health Services (this is particularly important for privately insured students). Other program marketing efforts include table tents at various UI locations, newspaper advertisements, radio station advertisements, and in conjunction with existing UI communication tools.

3. Payments and Transfers

The financial aspects of the contractual agreement with Moscow Family Medicine were reviewed. The transfers for billing to student accounts will be billed weekly using a numbered invoicing system and payable on a net 30 billing cycle. The University will be transferring the student account charges electronically and requests MFM to utilize a format compatible with the University system to expedite the processing.

The preliminary capitation to Moscow Family Medicine for Fall, Spring, and Summer enrollment in the Student Health Insurance Program will be payable 15 days after the University's waiver deadline. The preliminary payment will increase from 75% to 90% of the enrollment. The enrollment numbers will be finalized by the Manager of Student Accounts and the remaining percentage will be paid by the end of each semester.

4. Insurance Requirement Changes

We reviewed each of the insurance requirement changes noted in our renewal letter from last year. Moscow Family Medicine expressed satisfaction with each of the points of action that were to be implemented for the 2003-04 plan year.

5. Additional Options for 2004-05

Moscow Family Medicine was asked to provide cost quotations for the following additional options for 2004-05.

1. Summer Coverage

As noted above, we have notified Mega Life that we will discontinue the capitation funding arrangement during the summer and that this claims liability is being shifted to the fully insured part of the program. Care provided by MFM during the summer would be treated on the same basis as care received throughout the year in your Main Street office location (i.e., the services would be reimbursed under the BASIX in-network coverage level, subject to the deductible and coinsurance provisions).

2. Copayment for In-House Laboratory Services

Cost quotations were provided for an additional copayment of \$5 and \$10 for in-house laboratory services. UI decided to not adopt this reduction in coverage because of the nominal savings.

3. Copayment for Dermatology Procedures

We discussed the possibility of charging a co-payment (\$10, \$15, or \$20) for removal of skin tags and other dermatological procedures that are presently covered under the capitation. UI decided not to adopt this reduction in coverage because of the nominal savings.

4. Services Not Covered by Capitation and Provided at Student Health Services

As noted above, the capitation is being expanded to include durable medical equipment, orthopedic surgical procedures presently available at Student Health Services, and burn treatments.

5. Annual Routine Health Exams

We discussed expanding the scope of service to include annual routine health exams. UI decided not to pursue development of this benefit at this time based on a finding that providing this coverage is generally not medically necessary.

6. Student Health Program Changes

The following changes to the 2004-05 Student Health Program were reviewed during the course of our meeting.

- Dispensary Options for Pharmacy

We are likely to reduce our pharmacy staff for the 2004-05 fiscal year. This will mean during some of the hours that Student Health Services is open a pharmacist will not be in the facility and only pre-packaged medications will be available. We understand this will impact Moscow Family Medicine because a physician or mid-level provider must physically deliver the prescription medication to the patient. After further consideration, MFM has agreed to not adjust the rates shown in this letter.

- Reference Laboratory Coverage for STD testing

We would like to formally provide coverage for routine sexually transmitted disease testing via our reference laboratory contract. We will be considering implementing a benefit that provides a one-time annual testing with 50% coinsurance up to a maximum of \$50. Students may avail themselves of additional tests during the year, but the full cost would be charged to their UI student account. This STD testing benefit would replace the existing benefit that is intended to provide STD testing only for diagnostic purposes. Thus, a student who uses the STD testing benefit in the fall semester would not have the ability to receive further benefits later in the plan year, regardless of whether the laboratory testing is associated with possible diagnosis of an STD condition. This possible change is still pending as of the date of this letter.

- Copayment for Emergency Room Visits

We will probably adopt a copayment provision for emergency room care. Students and dependents would pay a \$100 copayment for each emergency room visit. The plan would reimburse in-network hospital emergency rooms at the in-network coverage level (80%). The copayment would not be applicable toward the \$250 one-time annual deductible.

- \$1 million Lifetime Maximum

The aggregate lifetime maximum benefit will be increased from \$500,000 to \$1,000,000.

7. Review of Moscow Family Medicine Contract Deliverables

This summarizes our review of the applicable deliverables for the 2004-05 contract:

3.9-A: Respond to the Unique Needs of the University of Idaho

MFM has provided outstanding service to the University of Idaho. We agreed that conducting periodic orientations between MFM and UI staff could improve the “team” environment we are striving for in the operation of Student Health Services. We want to make sure that MFM professional and support staff understand they are an integral part of the student services team at the University of Idaho. The providers working at the Main Street clinic during the summers improved communication and collegiality of the professional and support staff between MFM clinic locations.

3.9-C: Location and Hours of Operation

Moscow Family Medicine has fulfilled all expectations under this deliverable.

3.9-D: Medical and Administrative Support Staffing

This deliverable was fully satisfied by MFM. The following notations were made under the discussion of this deliverable.

- No changes in professional staffing are anticipated for 2004-05.
- QuickCARE utilization by SHIP covered persons is appropriate.
- MFM and on-call Physician and QuickCARE need to be better marketed to decrease emergency room consumption.

3.9-E: Services for Comprehensive SHIP

This deliverable was fully satisfied by MFM.

3.9-G: Emergency Situations

We agreed Moscow Family Medicine has fulfilled the expectations under this deliverable relative to assisting the University with emergency preparedness and being appropriately available for minor emergency care situations.

3.9-I: Fulfill Use Obligations for Student Health Services Facility

Moscow Family Medicine has fulfilled this deliverable. There are several specific notes about the facilities that were discussed under this deliverable.

- Moscow Family Medicine no longer needs to make special use of drop-down gate and locking door because medical records are no longer being stored in the front-office area.
- The front-desk area may have to be modified with glass partitions for HIPAA compliance.
- We agreed MFM has assumed responsibility for daily cleaning of Student Health Services.
- Air conditioning - UI will investigate whether portable air conditioning units may be installed in selected examination rooms.
- QuickCARE – MFM has no immediate plans to move the location of this service.

3.9-J: Referrals to Community Health Care Providers

We agreed that Moscow Family Medicine has fulfilled all deliverables for community care referrals.

3.9-K: Quality Assurance Program, Evidence-Based Medicine, and Accreditation

Moscow Family Medicine has satisfied this deliverable. The proposal for accreditation is presented above.

3.9-L: Capability to Bill Third Party Payors

We agree that Moscow Family Medicine has fulfilled all aspects of this deliverable, including providing care under Medicaid. There have been no recent provider credentialing or other issues associated with billing third party payors.

3.9-M: Facility and/or Equipment Renovations at Student Health Services

No proposed facility renovations or equipment needs were discussed under this deliverable.

3.9-N: Utilization Data

This deliverable was fulfilled by Moscow Family Medicine. We will continue to confer about reporting data relative to the content and format of the reports.

3.9-O: General

From an overall perspective, we are very satisfied with the second year of operation at Student Health Services and we look forward to a long and mutually beneficial relationship with MFM providing clinical services for the University of Idaho student health program.

AMENDMENT NUMBER ONE TO THE UNIVERSITY OF IDAHO MASTER AGREEMENT

This Amendment (the "Amendment") is made and entered into, effective as of July 1, 2003 (the "Effective Date"), by and between Moscow Family Medicine (hereinafter called "the Contractor"), and the University of Idaho (hereinafter called "the University"), concurrently with and as an Amendment to the Master Agreement (hereinafter called "the Agreement"). In the event of any conflict between the terms of this Amendment and the original Agreement to which it is amended, the terms of this Amendment will supersede the terms of the original Agreement and will be controlling. The term "Agreement," as used herein, will collectively refer to the Master Agreement as modified by this superseding Amendment.

1.1 TERM OF AGREEMENT

The contract period will be from July 1, 2003 through June 30, 2004.

1.2 ENTIRE AGREEMENT

This Amendment along with (a) the original Master Agreement; and (b) the attached Exhibit A; constitutes the entire Agreement between the parties. No change thereto shall be valid unless communicated in writing in the stipulated manner and signed by the University and the Contractor.

The effective date of this Amendment is July 1, 2003.

UNIVERSITY OF IDAHO

Signature

Print Name

Title

Date

MOSCOW FAMILY MEDICINE

Signature

Print Name

Title

Date

**ADDENDUM NUMBER ONE
MASTER AGREEMENT
EXHIBIT A**

Category of Coverage	2002-03	2003-04 Renewal
<u>Semester</u>		
Student	\$27.19	\$28.82
Spouse	\$85.00	\$90.10
Per Child	\$50.50	\$53.53
<u>New Students –</u>		
<u>Summer</u>	\$17.95	\$19.03
Student	\$56.42	\$59.81
Spouse	\$34.31	\$36.37
Per Child		
<u>Qualified Late</u>	\$6.80	\$7.21
<u>Enrollees</u>	\$21.75	\$23.06
Student	\$13.38	\$14.18
Spouse		
Per Child		

Moscow Family Medicine will assume responsibility for providing radiology services at Student Health Services. Charges for these services will be billed to the University of Idaho on a fee-for-service basis. The charges will be reimbursed at 100%, subject to the discount provision for radiology services under the BASIX in-network provider agreement.

The following is a summary of key points from the renewal discussion on April 15, 2003 and other recent discussions during the course of our weekly meetings pertaining to the renewal:

1. Discontinuation of Bridge Plan

The Bridge Plan program will be discontinued for the 2003-04 plan year.

2. Subsidy from Privately Insured Students

We are in general agreement that privately insured students should not subsidize the cost of care for students covered by the SHIP. We do, however, recognize that the SHIP students are pre-funding their primary care services through a single contracted primary care provider. This pre-funding arrangement results in a significant reduction in cost for primary care services and is one of the cornerstones for our SHIP.

A cost advantage, however, is not the only objective. The location of services, delivery of services in ways which are conducive to meeting the unique needs of students and their dependents, integration of health education and wellness programming with primary care services, and effective management of usage of community health care resources are equally important objectives.

3. Insurance Requirement Changes

- We confirmed that the University will require international students to have health insurance that includes access to health care providers in the Moscow area. This will mainly impact our Canadian students.
- We confirmed the University will not accept insurance waivers based on Medicaid from states other than Washington or Idaho.
- We confirmed the program description brochure for next year, and other program communication materials, will emphasize that students enrolled in HMO programs with primary care provider arrangements must select a primary care provider in the Moscow/Pullman area (either Student Health Services or a local primary care provider).
- We agreed that a process should be developed for reporting students who are not in compliance with the institutional requirement for health insurance to the Executive Director of Student Benefits, Health and Wellness.

4. Review of Moscow Family Medicine Contract Deliverables

3.9-A: Respond to the Unique Needs of the University of Idaho

Moscow Family Medicine has worked diligently to respond to the unique needs of the University of Idaho. The perception across campus of the quality and scope of services has improved. Preliminary survey comments suggest student consumers appreciate the improvements that have been achieved in a very short period.

We agreed that increased communication will facilitate our continued successful relationship. A specific need that may arise next year is periodic physician representation on the University's Emergency Response Team.

3.9-B: Temporary Operation of Student Health Services for Summer, 2002

Moscow Family Medicine has fulfilled all expectations under this deliverable. The University appreciated the flexibility that was shown in providing services ahead of the schedule indicated in the request for proposal document.

3.9-C: Location and Hours of Operation

Moscow Family Medicine has fulfilled all expectations under this deliverable. We formally approved transition for summer services to the Main Street Clinic for the period of June 2 through August 10, 2003.

3.9-D: Medical and Administrative Support Staffing

Moscow Family Medicine has fulfilled all expectations under this deliverable. We agreed with the proposal to reduce provider staffing by one position for the 2003-04 contract year.

Moscow Family Medicine and University administrative staff will review billing procedures for student account charges prior to the beginning of fall semester 2003. Policy guidelines and billing timelines will be established. It was agreed the parties would continue to discuss access to a daily patient log. Periodic review of policies and informational meetings with providers will continue to strengthen our relationship.

3.9-E: Services for Comprehensive SHIP and Bridge Plan Participants

Moscow Family Medicine has fulfilled all expectations under this deliverable. Recent concerns about funding for the Bridge Plan participants have also been resolved. Bridge Plan capitation payments for the fall semester totaled \$3,072.47 and \$3,095.90 for the spring semester.

Although the problems associated with incorrect billings to Klais at the beginning of the fall semester were resolved, it is our understanding that you intend to obtain a sub-tax identification code for Student Health Services. This action will allow us to have an appropriate audit capability for charges submitted to Klais and we will be able to provide coverage under the insured portion of our program for certain services or supplies that are available at Student Health Services and do not fall within our contractual definition of Capitated Primary Care Services.

3.9-F: Access to Specialty Care Providers

This deliverable is not applicable. Moscow Family Medicine did not provide for this deliverable in its proposal to the University.

3.9-G: Emergency Situations

There have been no declared campus emergencies to date under the 2002-03 contract year. As previously noted, the University requires a Moscow Family Medicine physician to periodically serve on the University's Emergency Response Team.

3.9-H: Integration with University's Web-Based Appointment System

This deliverable was removed from the RFP document pursuant to Addendum # 4 issued on February 13, 2002.

3.9-I: Fulfill Use Obligations for Student Health Services Facility

Moscow Family Medicine has fulfilled this deliverable. There are several specific notes about the facility that are appropriate for discussion under this deliverable:

- The University has agreed that it will complete the installation of a sink in room 109 of Student Health Services as soon as it can be scheduled through UI Facilities Maintenance.
- Moscow Family Medicine will either reinstall the door to the front-desk area and use the drop-down gate to secure the University's paper medical records, or arrangements will be made to move these records to a secured storage area.
- The front-desk area may have to be modified with glass partitions for HIPAA compliance.
- We agreed that MFM will assume responsibility for daily cleaning of Student Health Services as of August 11, 2003.

3.9-J: Referrals to Community Health Care Providers

Although Moscow Family Medicine has not developed a formal process for assessing referrals to community providers, we appreciate that the insurance interface issues make this area a continuing item assessment. As we move forward, one possibility might be to look at benchmark comparisons for referrals with other similarly situated college health programs. As noted in the RFP, we remain committed to assuring that appropriate quality of care is provided relative to access to community health care providers.

3.9-K: Quality Assurance Program, Evidence-Based Medicine, and Accreditation

The explanations you provided clarified the formal quality assurance program provided by Moscow Family Medicine.

As we discussed in regard to the Pharmacy consultation, we are concerned that Student Health Services appears to continue to have a significant problem with indiscriminate use of antibiotics and excessive prescription patterns among certain providers. We appreciate that some major concerns may be resolved with anticipated staffing changes. We recognize that our external consultants felt comfortable with the prescribing patterns of Dr. Caldwell. Developing a SHIP formulary will establish appropriate prescribing guidelines among Student Health Services providers. We agreed that continuing education programs regarding prescription medications and periodic information exchanges about the financial status and utilization trends for the SHIP will be helpful to the providers at Student Health Services.

One major area of concern is in regard to ethical practices. We will establish a policy for Student Benefits Health and Wellness staff to report any suspected acts of insurance fraud to the Executive Director for SBHW. Reports will be turned over to Moscow Family Medicine for resolution pursuant to your provider employment agreements. It is important to communicate with the providers at Student Health Services regarding the major aspects of the Pharmacy consultation relating to unethical (or possibly illegal) practices.

Moscow Family Medicine's continued willingness to examine the accreditation issue for Student Health Services is appreciated. We recognize the pragmatic value of accreditation, however, this area of program management is of concern as we compare the UI student health program to our peer institutions.

3.9-L: Capability to Bill Third Party Payors

Moscow Family Medicine has fulfilled all aspects of this deliverable, including providing care under Medicaid. It is our understanding that all credentialing and participating provider issues that were part of the transition have now been resolved.

3.9-M: Facility and/or Equipment Renovations at Student Health Services

This deliverable was fulfilled by Moscow Family Medicine.

3.9-N: Utilization Data

Discussions will continue regarding the use of daily patient logs to assist with obtaining valuable information regarding utilization of Student Health Services.

3.9-O: General

Again, from an overall perspective, we are very satisfied with the first year of our agreement with Moscow Family Medicine to operate of Student Health Services and we look forward to a long and mutually beneficial relationship in providing a student health program for the University of Idaho.



University of Idaho

Purchasing Services
415 West Sixth Street
P.O. Box 444350
Moscow, Idaho 83844-4350
Phone: 208-885-3660

Linda -

*Finally got, and
signed.
I have copies*

Dever

August 13, 2003

Dr. Wayne Ruby
Peter Berger
Moscow Family Medicine
623 South Main
Moscow, Idaho 83843

Subject: Amendment Number One - University of Idaho Master Agreement for Capitated Primary Care Services Renewal for 2003-2004 Plan Year.

Enclosed are two original Amendments in accordance with the above-mentioned agreement. After the documents are signed by an authorized representative of your organization, please return one original to the following address:

University of Idaho
Purchasing Services
Attn.: Linda Hart
415 West Sixth Street
P.O. Box 444350
Moscow Idaho 83844-4350

Thank you for your interest in the University of Idaho. If you have any questions please call me at (208) 885-3601, or e-mail lhart@uidaho.edu.

Attachment

AMENDMENT NUMBER ONE TO THE UNIVERSITY OF IDAHO MASTER AGREEMENT

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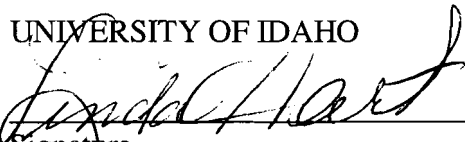
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UNIVERSITY OF IDAHO

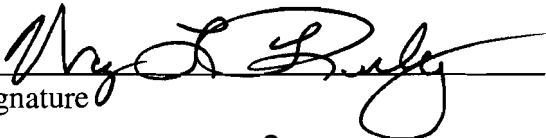

Signature


Print Name


Title


Date

MOSCOW FAMILY MEDICINE


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3.9-N: Utilization Data

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3.9-O: General

Again, from an overall perspective, we are very satisfied with the first year of our agreement with Moscow Family Medicine to operate of Student Health Services and we look forward to a long and mutually beneficial relationship in providing a student health program for the University of Idaho.

MASTER AGREEMENT

This Master Agreement (Master Agreement) is entered into by and between the Regents of the University of Idaho (University) and Moscow Family Medicine, P.A. whose principal address is 623 South Main Street, Moscow, Idaho 83843 (Contractor).

Whereas, University owns, operates, and maintains a land grant university and as such provides educational and other related services to the residents of the state of Idaho and others;

Whereas, University has for some time operated a medical clinic for students and their dependents;

Whereas, University wishes to contract with Contractor and Contractor wishes to contract with University to operate the medical clinic;

Therefore, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged by both parties, University and Contractor agree as follows:

1. Content of Agreement.

Contractor shall operate a medical clinic on the University's Moscow campus and provide other services as set forth in this Master Agreement. This Master Agreement incorporates by this reference the following as if they are fully set forth herein: (a) the attached Request for Proposals Number 02-84-H, including all duly issued addenda; (b) the attached response of Contractor dated February 27, 2002; (c) the attached letter from Contractor dated March 21, 2002, to Linda Hart, Purchasing Director, University of Idaho; (d) the attached transcript and videos of interview of Contractor on March 14, 2002; (e) the attached Facility Use Agreement; and (f) the attached program communication materials and any similar program communication materials that the parties may agree upon from time-to-time.

2. Deviations.

2.1 Except as set forth in this section 2, University hereby accepts and agrees to all deviations identified by Contractor in the attached response of Contractor dated February 27, 2002, and the attached letter from Contractor dated March 21, 2002, to Linda Hart, Purchasing Director, University of Idaho.

2.2 Sections 1.16, 1.18, 1.19, 1.26, 1.29, and 1.38 of the the attached Request for Proposals Number 02-84-H are hereby agreed upon by the parties and shall apply notwithstanding anything to the contrary, except that section 1.29 shall be modified to read as follows:

This Master Agreement is subject to approval by the executive director of the Idaho State Board of Education. If such approval is not granted, this

Master Agreement shall be null and void and neither party shall have any further obligation or liability to the other.

2.3 Sections 1.5 and 3.4 of the attached Request for Proposal, and all other sections of the Request for Proposal that reference July 1, 2002 as the beginning date of this Master Agreement, shall be modified to reflect a beginning date of June 23, 2002. Deviation 16 in the Moscow Family Medicine Proposal is hereby modified for a lump sum payment of \$34,000 to reflect the change in the effective date of the contract from July 1, 2002 to June 23, 2002.

2.4 University will coordinate operational IT connections to the Gritman hospital server farm for the electronic medical record and patient scheduling functions and provide operational computer hardware support for a minimum of one provider, including one MD office, associated nursing station, three exam rooms and the reception desk by June 23, 2002..

2.5 Any notice to either party shall be in writing and be delivered in person or by public or private courier service (including U.S. Postal Service Express Mail) or certified mail with return receipt requested or by facsimile. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing:

the University: Vice President/Vice Provost for Student Affairs
Idaho Commons Room 301
P.O. Box 442532
University of Idaho
Moscow, ID 83844-2532

With one copy each to: Vice President for Finance and Administration
Administration Building Room 211
P.O. Box 443168
University of Idaho
Moscow, ID 83844-3168

Purchasing Services
University of Idaho
415 West Sixth Street
Moscow, ID 83844-4350

the Contractor: Administrator
Moscow Family Medicine, PA
623 South Main Street
Moscow, ID 83843

Any notice shall be deemed to have been given on the earlier of : (a) actual delivery or refusal to accept delivery, (b) the date of mailing by certified mail, or (c) the day facsimile delivery is verified. Actual notice, however and from whomever received, shall always be effective.

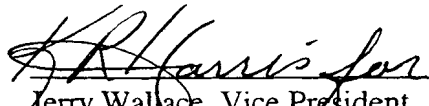
2.6 This Master Agreement and the other documents incorporated herein by reference constitute the entire agreement of the parties, and there are no oral agreements existing relative to the subject matter of this Master Agreement. This Master Agreement may be modified only in writing when signed by the duly authorized representatives of each party.

3. Order of Authority.

Except as agreed to in writing by the authorized representatives of the parties, if there is any conflict or inconsistency with respect to the terms of the agreement between the parties then the following shall be the order of authority: (a) Section 2 above; (b) the attached Request for Proposals Number 02-84-H, including all duly issued addenda; (c) the attached response of Contractor dated February 27, 2002; (d) the attached letter from Contractor dated March 21, 2002, to Linda Hart, Purchasing Director, University of Idaho; (e) the attached edited transcript of the interview of Contractor on March 14, 2002; (f) the attached Facility Use Agreement; and (g) the attached program communication materials and any such program communication materials that the parties may agree upon from time-to-time.


Wherefore, this Master Agreement is executed as follows:

UNIVERSITY


 Jerry Wallace, Vice President
 Finance and Administration

6-14-02
 Date

MOSCOW FAMILY MEDICINE, PA


 Peter D. Berger
 Administrator

6/12/02
 Date

FACILITY USE AGREEMENT

This Facility Use Agreement (Agreement) is made by and between The Regents of the University of Idaho (University), and Moscow Family Medicine (MFM). University and MFM are collectively referred to as the "Parties" or individually, a "Party."

A. Whereas, University and MFM have entered into an agreement for MFM to provide professional medical services as described by the Master Agreement between the Parties.

B. Whereas, the Master Agreement provides, among other things, that University will grant to MFM the non-exclusive use of certain premises located on the first floor of the University's Student Health Services Building (Building) at 831 Ash Street in Moscow, Idaho, (University's Property) consisting of approximately 6000 square feet (Premises) and any University equipment specified by the Master Agreement, all to be utilized for the purpose of providing medical and related services as described under the terms of the Master Agreement. All of MFM's personal property located in the Premises and on University's Property is collectively referred to herein as "MFM's Equipment." Included in the Master Agreement is an attachment that identifies the specific areas of the first floor of the Student Health Services building that remain under the sole control and use of the University of Idaho. All other spaces on this first floor are to be utilized by Moscow Family Medicine pursuant to this Agreement.

C. Whereas, University desires to grant to MFM non-exclusive use of the Premises, and MFM desires to utilize the Premises provided by the University, on the terms and conditions of this Agreement.

Therefore, the Parties agree as follows:

1.0 Grant. Subject to the terms and conditions of this Agreement, University hereby grants to MFM and MFM hereby agrees to the non-exclusive use of the Premises. MFM shall be permitted to use the Premises for the purposes described by the Master Agreement. MFM shall have access to and use of the Premises, any equipment therein described in the Master Agreement, and MFM's Equipment twenty-four (24) hours per day, three hundred and sixty-five (365) days per year. This is not a lease and does not create any leasehold interest on the part of MFM.

2.0 Term. The term (Term) of this Agreement shall commence on the effective date of the Master Agreement (Commencement Date) and end upon the expiration or termination, whichever occurs first, of the Master Agreement (Expiration Date).

3.0 Condition Upon Delivery. University shall deliver the Premises to MFM clean and free of debris on the Commencement Date. Otherwise, the Premises are delivered "AS IS," and MFM represents and warrants that it has fully inspected the Premises and accepts them "as is."

4.0 Compliance with Laws. MFM shall, in respect to the condition of the Premises and at MFM's sole cost and expense, comply with (a) all laws relating to MFM's use of the Premises

and Building; and (b) all applicable building codes requiring modifications to the Building due to any improvements being made by MFM.

5.0 Maintenance. Subject to the provisions of Paragraphs 3 (Condition Upon Delivery), 4 (Compliance with Laws), 7 (Utilities and Services), and 10 (Damage or Destruction), MFM shall, at MFM's sole cost and expense, keep in good condition and repair the Premises and any equipment which is owned, utilized, or introduced by MFM.

6.0 Alterations. MFM may make alterations to the Premises upon the prior written consent of University.

7.0 Utilities and Services. University, at its sole cost and expense, shall provide to MFM such water, gas, electricity, and other similar utilities that University ordinarily provides to the Building and are necessary for MFM to operate and maintain MFM's Equipment and to perform the MFM's obligations as described in the Master Agreement.

8.0 Hazardous Substances.

8.1 Definition. The term "Hazardous Substance" as used in this Agreement shall mean any product, substance, chemical, material or waste (including medical waste) stored or utilized in violation of state or federal law.

8.2 Obligations. Notwithstanding anything else to the contrary contained within this Agreement, MFM agrees to indemnify and hold University harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in value of the University's Property, and sums paid in settlement of claims, reasonable attorneys' fees, consultant fees and expert fees) (collectively, "Claims") which arise during or after the Term, as a result of the presence of any Hazardous Substance in, on, or under the Premises or University's Property, except to the extent that such Claims result from the presence of any Hazardous Substance introduced by University. To the extent any Hazardous Substance is introduced, directly or indirectly, by MFM onto the University's Property, MFM shall promptly take such actions at its sole expense as are necessary to lawfully remove such Hazardous Substance. Notwithstanding anything contained herein to the contrary, MFM may, without University's prior consent, use any ordinary and customary materials reasonably required to be used by MFM in the normal course of its use of the University's Property, so long as such use is in compliance with all Laws. The Parties agree that this paragraph shall survive the termination of this Agreement.

9.0 Insurance. MFM shall, at MFM's expense, obtain and keep in force during the Term, the insurance coverage required by the Master Agreement.

10.0 Damage and Destruction. In the event that the Building is materially damaged or destroyed during the Term, the University shall have no obligation to provide replacement premises or to repair or restore the Building in the event the Premises are damaged or destroyed.

11.0 Assignment and Subletting. MFM shall not assign, transfer, mortgage or otherwise encumber, or sublet all or any part of the interest granted to MFM in this Agreement or in the Premises (collectively "Transfer"), without University's prior written consent.

12.0 Non-Exclusive Possession. Upon performance of all of the covenants, conditions and provisions on MFM's part to be performed under this Master Agreement, MFM shall have non-exclusive access and the right to utilize the Premises for the purposes of this Agreement and for the entire Term hereof. Other University use of the Premises shall not materially interfere with MFM's ability to perform its duties and responsibilities under the Master Agreement.

13.0 Default; Breach.

13.1 Definitions. A "Breach" by either Party is defined as a failure by either Party to observe, comply with or perform any of the terms, covenants, conditions or rules applicable to that Party under this Agreement or the Master Agreement. A "Default" by either Party is defined as the occurrence of any one or more Breaches, and, where a grace period for cure after notice is specified herein, the failure by that Party to cure such Breach prior to the expiration of the applicable grace period, and shall entitle the non-defaulting Party to pursue the remedies set forth in Section 15.4.

13.2 General Breach by Either Party. A Party shall be deemed in Default of this Agreement if such Party Breaches any of the terms, covenants, conditions or provisions of this Agreement, other than those described in Paragraph 13.1 above, where such Breach continues for a period of thirty (30) days after written notice thereof by or on behalf of the non-defaulting Party to the defaulting Party; provided, however, that if the nature of the Breach is such that more than thirty (30) days are reasonably required for its cure, then it shall not be deemed to be a Default of this Agreement by the defaulting Party if the defaulting Party commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

13.3 Remedies. In the event of a Default of this Agreement by either Party, with or without further notice or demand, and without limiting the non-defaulting Party in the exercise of any right or remedy which the non-defaulting Party may have by reason of such Default, the non-defaulting Party may pursue any remedy now or hereafter available to the non-defaulting Party under the laws or judicial decisions of the State of Idaho; provided, however, that the defaulting Party shall use reasonable efforts to mitigate its damages in connection with a Breach or Default by such defaulting Party under this Agreement.

14.0 Notices. Any notice under this Agreement shall be in writing and be delivered as described in the Master Agreement.

15.0 Equipment Ownership; Surrender. MFM's Equipment shall be the property of MFM, and shall in no event be deemed fixtures, even if affixed to the Premises or the University's Property. On or before the Expiration Date, MFM shall remove all of MFM's Equipment from the Premises and University's Property. Notwithstanding anything to the contrary in this Agreement, MFM shall not be required to remove any improvements, all of which (if not so removed by MFM, which removal shall be at MFM's sole option) shall become the property of

UI-533
UI-534 MFM

University upon the Expiration Date. Any and all equipment, personal property, and fixtures owned by the University shall remain the property of the University at all time.

16.0 Taxes. MFM is solely responsible for payment of any taxes assessed as a direct or indirect result of MFM's operations.

UNIVERSITY OF IDAHO

By: [Signature]
Name: Ken Harris
Title: AVP Finance
Date: 6-14-02

MOSCOW FAMILY MEDICINE

By: [Signature]
Name: PETER D BERGER
Title: ADMINISTRATOR
Date: 6/12/02

REFERENCE – APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES
SECTION: III. POSTSECONDARY AFFAIRS
SUBSECTION: P. STUDENTS

August 2002

P. STUDENTS

16. Student Health Insurance (Effective July 1, 2003)

The Board's student health insurance policy is a minimum requirement. Each institution, at its discretion, may adopt policies and procedures more stringent than those provided herein.

a. Health Insurance Coverage Offered through the Institution

Each institution shall provide the opportunity for students to purchase health insurance. Institutions are encouraged to work together to provide the most cost effective coverage possible. Health insurance offered through the institution shall provide benefits in accordance with state and federal law.

b. Mandatory Student Health Insurance

Every full-fee paying student (as defined by each institution) attending classes in Idaho shall be covered by health insurance. Students shall purchase health insurance offered through the institution, or may instead, at the discretion of each institution, present evidence of health insurance coverage that is at least substantially equivalent to the health insurance coverage offered through the institution. Students without evidence of health insurance coverage shall be ineligible to enroll at the institution.

(1) Students presenting evidence of health insurance coverage not acquired through the institution shall provide at least the following information:

(a) Name of health insurance carrier

(b) Policy number

(c) Location of an employer, insurance company or agent who can verify coverage

(2) Each institution shall monitor and enforce student compliance with this policy.

(3) Each institution shall develop procedures that provide for termination of a student's registration if he or she is found to be out of compliance with this policy while enrolled at the institution. Each institution, at its discretion, may provide a student found to be out of compliance the opportunity to come into compliance before that student's registration is terminated, and may provide that a student be allowed to re-enroll upon meeting the conditions set forth herein, and any others as may be set forth by the institution.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

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

Section V.I.3.a. 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.

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: R. Establishment of Fees

August 2006

Section V.R.3.b (7). 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 Board no later than three (3) months prior to the semester the change is to become effective. The Board may delegate the approval of these premiums and rates to the chief executive officer.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

UNIVERSITY OF IDAHO

SUBJECT

University of Idaho request for approval of the settlement agreement discussed in executive session

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.I.7.
Sections 67-2345(d), (e) and (f), Idaho Code.

DISCUSSION

University of Idaho requests approval of the settlement agreement consistent with the terms discussed in executive session.

IMPACT

Approval of the settlement will bring finality to this matter.

STAFF COMMENTS AND RECOMMENDATIONS

Staff has no comment on this item.

BOARD ACTION

A motion to approve the settlement terms discussed in executive session, as set forth in the written settlement agreement presented to the Board in open session, and to authorize the President of the Board to execute the settlement agreement.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

REFERENCE – APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: I. Real and Personal Property and Services

April 2002

I. Real and Personal Property and Services

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.

REFERENCE – APPLICABLE STATUTE, RULE OR POLICY

IDAHO CODE

§ 67-2345. Executive sessions -- When authorized

(1) Nothing contained in this act shall be construed to prevent, upon a two-thirds (2/3) vote recorded in the minutes of the meeting by individual vote, a governing body of a public agency from holding an executive session during any meeting, after the presiding officer has identified the authorization under this act for the holding of such executive session. An executive session may be held:

(a) To consider hiring a public officer, employee, staff member or individual agent. This paragraph does not apply to filling a vacancy in an elective office;

(b) To consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member or individual agent, or public school student;

(c) To conduct deliberations concerning labor negotiations or to acquire an interest in real property which is not owned by a public agency;

(d) To consider records that are exempt from disclosure as provided in chapter 3, title 9, Idaho Code;

(e) To consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations;

(f) To consider and advise its legal representatives in pending litigation or where there is a general public awareness of probable litigation;

(g) By the commission of pardons and parole, as provided by law;

(h) By the sexual offender classification board, as provided by chapter 83, title 18, Idaho Code;

(i) By the custody review board of the Idaho department of juvenile corrections, as provided by law.

(2) Labor negotiations may be conducted in executive session if either side requests closed meetings. Notwithstanding the provisions of *section 67-2343, Idaho Code*, subsequent sessions of the negotiations may continue without further public notice.

(3) No executive session may be held for the purpose of taking any final action or making any final decision.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

LEWIS-CLARK STATE COLLEGE

SUBJECT

Approval of North Lewiston training site lease renewal

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies and Procedures,
Sections V.I.1.b. & V.I.2.d.
Section 67-5708, Idaho Code

BACKGROUND

Board approval for the new lease is being sought because the term of the lease (10 years) exceeds the 5-year threshold specified in State Board policy.

DISCUSSION

LCSC's current lease with the Port of Lewiston for grounds adjacent to the College's North Lewiston Training Center (NLTC) has been continued on a month-to-month basis. This ground area (approximately 5 acres) has been used primarily to support truck driver training courses administered by the Workforce Training section within LCSC's Professional-Technical Programs division. The new lease establishes a long-term lease arrangement (10 years), with payments of \$2,000 per month, subject to Consumer Price Index adjustments each year. This will enable LCSC and the Port to demonstrate their commitment to long-term utilization of the property and help provide stability for future planning. One of the primary uses of the site will be support of LCSC's motor safety training center and skid avoidance training (a federally-funded grant program). The lease includes the stipulation that, if the Port were to terminate the lease prior to 10 years, it would reimburse LCSC on a straight-line depreciation basis, for the Federal grant funds used to build the asphalt surface for the skid pad (total cost of \$380,244). The Port approved the new lease, subject to State Board approval, on March 19, 2008.

IMPACT

Approval of the new lease, with a 10-year term, will make programming and planning more predictable for LCSC's Workforce Training (WFT) operation. No additional funding is needed to support the lease—funding for the lease is provided by program fees charged to the center's regular clients by WFT, which is a self-supported, customized training operation.

ATTACHMENTS

Attachment 1 – Overhead photo of leased site	Page 3
Attachment 3 – Overhead photo (close up)	Page 5
Attachment 4 – Proposed lease	Page 7

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STAFF COMMENTS AND RECOMMENDATIONS

Section 2 of the lease requires that should the Port terminate the agreement, the Port shall reimburse the Lessee for a percentage of the skid pad total development cost. The total development cost shall be mutually agreed upon by both parties and shall include engineering, surveying, inspection, and construction costs. The estimated development costs are \$380,244.

Pursuant to Board policy V.I.b. and Idaho Code 67-5708, leases are acquired by and through the Department of Administration. Even though this is a ground lease, the institution has contacted the Department which has provided inputs and worked with institution legal counsel.

Staff recommends approval.

BOARD ACTION

A motion to approve the request by Lewis-Clark State College to enter into a new (10-year) lease with the Port of Lewiston for land adjacent to LCSC's North Lewiston Training Center, and to delegate the Board's signature authority in regard to such transaction to LCSC's Vice President for Finance and Administration.

Moved by _____ Seconded by _____ Carried Yes _____ No _____



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LEASE AGREEMENT

THIS INDENTURE Made this _____ day of _____, 2008, by and between the PORT OF LEWISTON, a municipal corporation of the State of Idaho, party of the first part, hereinafter called "Lessor," and STATE OF IDAHO, by and through the Idaho State Board of Education as the Board of Trustees for Lewis Clark State College, a state college of the State of Idaho, party of the second part, hereinafter called "Lessee,"

WITNESSETH:

That the parties hereto hereby mutually agree as follows:

1. PREMISES

This present lease replaces and supersedes the previous lease agreement dated March 14, 2000.

That upon the terms and conditions and for the consideration hereinafter expressed, the Lessor leases unto the Lessee that certain real property situate in the County of Nez Perce, State of Idaho, and more particularly described as follows to wit:

That certain real property shown and identified as "Exhibit A" attached hereto and by this reference incorporated here in and made a part hereof containing approximately 5.0 acres. The dimensions of the leased property are approximately 680-feet by 330-feet.

2. TERM

The term of this lease shall be ten (10) years commencing as of the effective date hereof and terminating on the last day of March, 2018.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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The Lessor shall have the right to terminate this agreement upon ninety (90) days written notice to the Lessee. Should the Lessor terminate this agreement, the Lessor shall reimburse the Lessee for a percentage of the skid pad total development cost. The total development cost shall be mutually agreed upon by both parties and shall include engineering, surveying, inspection, and construction costs.

Lessor shall not be required to reimburse Lessee such costs in the event of early termination by the Lessee.

The cost of reimbursement shall be as follows:

Year 1	100%	Year 6	50%
Year 2	90%	Year 7	40%
Year 3	80%	Year 8	30%
Year 4	70%	Year 9	20%
Year 5	60 %	Year 10	10%

For example, should the Lessor terminate in the fifth year of this agreement, the reimbursement cost would be equal to the development cost times 60%.

Upon termination of this agreement, the Lessee agrees that the Lessor shall be the sole owner of the skid pad.

3. NON-DISCRIMINATION

The Lessor hereby agrees to provide all services funded through or affected by this contract or agreement without discrimination on the basis of race, color, national origin, religion, sex, age, physical/mental impairment, and to comply with all relevant sections of:

Title VI of the Civil Rights Act of 1964, as amended. Section 504 of the Rehabilitation Act of 1973, as amended. The Age Discrimination Act of 1975, and to comply with pertinent amendments to these acts made during the term of the contract.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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The Lessor further agrees to comply with all pertinent parts of Federal rules and regulations implementing these acts.

The Lessor hereby agrees to provide equal employment opportunity and take affirmative action in employment on the basis of race, color, national origin, religion, sex, age, physical/mental impairment, and covered veteran status to the extent required by:

Executive Order 11246
Section 503 of the Rehabilitation Act of 1973, as amended
Section 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974

And to comply with all amendments to these acts and pertinent Federal rules and regulation regarding these acts during the term of the contract or agreement.

4. RENTAL

Lessee shall pay as rental for the said premises the sum of TWO THOUSAND DOLLARS (\$2,000.00) per month, on or before the effective date hereof, and on or before the 1st day of each succeeding month of this Lease until modified as herein provided.

Said rental shall remain unchanged during the first twenty-four (24) months of this lease. Beginning on the first day of March, 2010, said rentals shall be increased or decreased by the percentage of the amount theretofore being paid, equal to the percentage of increase or decrease in the U.S. all cities average, Consumer Price Index, for all urban consumers, during the first twenty-four (24) months of this Lease, as issued by the United States Department of Labor, comparing the index for the first month of this Lease with said index figure for the last month of the original twenty-four (24) month period. In like manner, beginning on the first day of March 2012, March

2014, and March 2016 said rentals shall again be increased or decreased for the next twenty-four (24) month period of this Lease by the percent of difference between such Consumer Price Index as of the first month of each preceding twenty-four (24) month period as compared with such index for the last month of such twenty-four (24) month period. The rental as so determined shall be payable monthly during each succeeding twenty-four (24) month until the termination of this Lease. In no event, shall the rental paid hereunder be less than the sum of TWO THOUSAND DOLLARS (\$2,000.00) per month.

5. USE

For the purpose of this Lease Agreement, Lessee shall use the said premises for the purpose of providing classrooms, administrative offices, training facilities and vehicle parking for use in Lessee's Work Force Training Programs or similar programs and all uses ancillary thereto, particularly including, but not limited to, a skid pad to provide skid avoidance training for Lessee's students and other persons participating in Lessee's programs using semi-tractor and trailers and other motor vehicles. The premises will not be used for any other purpose without first obtaining the written consent of the Manager of Lessor, which consent shall not be unreasonably withheld. In its use and occupancy of said premises Lessee agrees to observe and comply with all laws, health, zoning and other regulations and ordinances applicable thereto. Lessee agrees that it will not disturb the Port or any other tenant of the Port by making or permitting any disturbances, or any unusual noise, vibration, or other condition on, or in the premises. The Lessor agrees that truck driver training, skid avoidance training, and affiliated uses are not a violation of this disturbance or noise prohibition.

6. UTILITIES

Lessee shall pay for the extension of all utilities to the place of use on said real property, and to pay for all utilities and services furnished to the premises during the entire term of this Lease, including, but not limited to, lights, heat, electricity, gas, water, sewage, storm water, garbage disposal, telephone and janitorial services, as well as any sums taxed or assessed by any governmental body by reason of its use of said premises, in addition to all other sums due hereunder.

7. WASTE

The Lessee shall not commit nor suffer waste of said premises.

8. INDEMNIFICATION – LIABILITY INSURANCE

Lessee covenants and agrees to defend, indemnify and hold Lessor harmless from and against all claims for personal injury or property damage (together with the costs and expenses, including attorneys' fees resulting therefrom) to the extent that such claims are caused by the negligent or wrongful act of Lessee, its agents and employees; provided, however, that the indemnity obligations of Lessee are subject to the limitations of liability contained in Idaho Code, Title 6, Chapter 9.

Lessor covenants and agrees to defend, indemnify and hold Lessee harmless from and against all claims for personal injury or property damage (together with the costs and expenses, including attorneys' fees resulting therefrom) to the extent that such claims are caused by the negligent or wrongful act of Lessee, its agents and employees; provided, however, that the indemnity obligations of Lessor are subject to the limitations of liability contained in Idaho Code, Title 6, Chapter 9.

The Lessee will keep in force and effect general liability insurance coverage, in limits of not less than FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00), single

BUSINESS AFFAIRS AND HUMAN RESOURCES
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limits, for injury to person or property damage arising out of the Lessee's use of said premises, with Lessor a named insured thereon. Such coverage may be provided under the State of Idaho self-insured risk program and shall provide that it cannot be canceled without thirty (30) days advance notice of such cancellation to the Lessor, and the Lessor shall received a copy or a certificate of such insurance policy.

9. PREPARATION OF PREMISES FOR OCCUPANCY

Any and all expenses of whatsoever nature, of preparing the premises for occupancy by the Lessee, shall be born by the Lessee.

10. SUFFICIENT APPROPRIATION BY LEGISLATURE REQUIRED

It is understood and agreed that the Lessee is a government entity, and this Lease Agreement shall in no way or manner be construed so as to bind or obligate the State of Idaho beyond the term of any particular appropriation of funds by the State legislature as may exist from time to time. The Lessee reserves the right to terminate this Lease Agreement if, in its judgment, the legislature of the State of Idaho fails, neglects or refuses to appropriate sufficient funds as may be required for Lessee to continue such lease payments. In this event, this Lease may be terminated by Lessee giving Lessor at least ten (10) days written notice of termination. It is understood and agreed that the lease payments herein provided for shall be paid from State legislative appropriations.

**11. OFFICIALS, AGENTS AND EMPLOYEES OF LESSEE NOT PERSONALLY
LIABLE**

It is agreed by and between the parties hereto that in no event shall any official, officer, employee or agent of the State of Idaho be in any way liable or responsible for any covenant or agreement herein contained, whether expressed or implied, nor for any

statement, representation or warranty made herein or in any way connected with this Lease Agreement or the Premises. In particular, and without limitation of the foregoing, no full-time, or part-time agent or employee of the Lewis Clark State College shall have any personal liability or responsibility hereunder, and the sole responsibility and liability for the performance of this Lease Agreement and all of the provisions and covenants herein contained shall rest in and be vested with the State of Idaho.

12. EXAMINATION OF PREMISES

Lessee acknowledges that it has caused said premises to be examined on its own behalf, and knows the condition thereof, and accepts the same in the condition the same now is, and Lessee is not relying upon any representation of any nature on the part of the Lessor, in the making of this Lease.

13. IMPROVEMENTS TO PREMISES

Lessee shall make no improvements upon said premises without first receiving the written consent of the Manager of the Lessor, which consent will not be unreasonably withheld, provided that this paragraph shall not be deemed to require Lessor's consent to normal maintenance of said premises by Lessee.

14. FIRE AND CASUALTY INSURANCE

Lessor shall have no obligation to provide insurance against damage from fire or other casualty upon the said premises. Lessee will be responsible for any insurance that it may desire upon any property which it shall bring upon, or constructed upon, said premises.

15. MAINTENANCE

Lessee will keep and maintain the said premises, together with any structures or other improvements which it may place thereon, in a good and sightly condition and will

control noxious weeds thereon, and will make every reasonable effort to control the blowing of dust and other debris from the premises, and will allow no refuse to accumulate thereon, and will allow no unsightly or unsavory condition to exist thereon.

16. ASSIGNMENT OR SUBLETTING

Lessee shall have no right to assign this Lease, nor any interest therein, nor to sublet said premises or any part thereof to any person or legal entity, nor to allow any such entity to be in possession or control thereof, without first receiving the written consent of the Manager of the Lessor, and any such attempted assignment or subletting without such consent shall be wholly null and void and shall constitute a breach of this Lease. This Lease shall not be assignable or transferable by any process or proceedings of any court, or by operation of law and any purported decree or order of any court or administrative body purporting to so assign or transfer this Lease, or any interest therein, shall void this Lease. In the event the Lessor shall give its consent to any one or more assignment or subletting hereof, this paragraph shall nevertheless continue in full force and effect, and no further assignment or sublease shall be made without the Lessor's consent. Consent is hereby given for Lessee to rent a portion of the premises to Richardson Trucking, Inc. for parking purposes.

17. RIGHT OF ENTRY

The Lessee will at all reasonable times permit the Lessor or its authorized agent, employee, attorney, contractor, servant, or its special agents to enter upon said real property to show the same to any intended purchaser, renter, or insurer thereof, or its agents, servants or attorneys, and the Lessor, its agents, servants, employees or

attorney, at all reasonable times may enter to view the premises or to make any improvements which it may desire to make, or for any other legal purpose.

18. PEACEFUL POSSESSION

The Lessee shall be entitled to possession of the premises upon the effective date of this Lease and upon the payment of the rentals as in this lease provided, and upon the observance and performance of the terms, conditions and covenants agreed to be kept and performed by the Lessee, said Lessee may remain in the quiet and peaceable possession of said premises during the term of this Lease.

19. WARRANTY

Lessor will warrant and defend the occupancy and right of possession of the Lessee against all persons claiming adversely to the title of the Lessor and against all persons claiming by, through or under the Lessor.

20. REMOVAL OF LESSEE'S PROPERTY

Within sixty (60) days of the termination of this Lease for any cause, Lessee will remove all of its property and improvements, as well as any property belonging to third parties, from the premises. The Lessee will pay rental at the rate then being paid, prorated from the date of the termination of this Lease, to the date of the removal of all said property.

Should the Lessee fail to remove any of its property or improvements within said period of time, said property shall immediately be and become the property of the Lessor without the payment of any compensation to the Lessee therefor, except as provided in Section 2 hereof in the event the Lease is terminated by Lessor as provided in said Section.

Should the Lessee leave any property belonging to third parties upon said leased premises at the termination of this Lease, the Lessor may, at the expense of the Lessee, remove the same and store the same or deliver the same to the persons entitled thereto.

21. DAMAGE OR DESTRUCTION

No damage to or destruction of any structure or improvement, or any personal property of the Lessee placed upon said premises, shall void this Lease, nor relieve the Lessee from the obligation of paying the rent herein reserved, or of otherwise complying with all terms, conditions and covenants of this Lease during the continuation of this Lease.

22. COMPLIANCE WITH LAWS

In its use of said property, the Lessee will comply with all laws, regulations and ordinances of any governmental agency or body relating or in any way applicable thereto, including, without limitation, any environmental matters. In addition, the Lessee will comply with any rules or regulations now in effect or hereafter adopted by the Lessor applying to all of its tenants, within thirty (30) days of Lessee's receipt of written notice from Lessor to so comply, provided that no such rule or regulation shall prohibit or unreasonably impair Lessee's intended use of the premises as set out in Section 5.

23. IN LIEU TAXES

In the event it shall ever be determined that, under the terms of this Lease, the Lessee is liable for payment in lieu of taxes as provided in 70-1619, Idaho Code, the lessee will pay to the Lessor all such in lieu taxes in addition to all other sums due hereunder, and its failure to pay such in lieu taxes in addition to all other sums due

hereunder, and its failure to pay such in lieu taxes prior to the 20th day of December of each year, of this Lease, shall constitute a breach of hereof.

24. ENVIRONMENTAL LAW COMPLIANCE

Lessor certifies that it has not placed or brought onto the premises, or permitted to be placed or brought onto the premises hazardous substances (as defined by Section 101(14) of the COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, as amended, 42 U.S.C. Section 9601(14)) or materials, including without limitation petroleum products, the removal of which is required, or the maintenance of which is prohibited or penalized by any applicable local, state or federal law, ordinance, rule, regulation or requirement, and to the best of Lessor's knowledge, the premises are free of all such hazardous substances and materials.

Lessee shall not permit any such hazardous substance or material, except those used in the regular course of intended use; those being properly stored, controlled, and used within regulatory guidelines, to be on said premises due to any act or failure to act by the Lessee, its agents, servants or business invitees, and if found located thereon, Lessee shall be responsible to remove the same, at its expense.

Lessee acknowledges that it is responsible for compliance with all material local, state and federal environmental laws, ordinances, rules, regulations and requirements (herein called "Environmental Laws") as the same exist and are applicable during the term of this Lease.

Subject to the limitation of liability contained in Idaho Code, Title 6, Chapter 9, Lessee shall indemnify Lessor and defend and hold Lessor harmless from and against all loss, costs, damage and expense (including, without limitation, attorney's fees and

costs incurred in the investigation, defense and settlement of claims) that Lessor may incur directly, or indirectly, as a result of, or in connection with the assertion against Lessor of any claims relating to the presence or removal, where such presence or removal is caused by Lessee, of any hazardous substance or other regulated material, or compliance, or non-compliance with any applicable Environmental Law, whether claims rise during or after the term of this Lease including claims related to personal injury or damage to personal property.

It is the intent of this Lease, that all expenses of complying with the COMPREHENSIVE ENVIRONMENTAL RESPONSE COMPENSATION AND LIABILITY ACT OF 1980, and all other applicable laws, ordinances, rules and regulations of any governing body, where such expenses are incurred because of any act or omissions on the part of the Lessee, its agents, servants or business invitees, which constitutes a violation of Environmental Laws or regulations in effect at the time of the act or omission, shall be the responsibility of Lessee, whether such expenses are incurred during or after the term of this Lease.

25. DEFAULTS

Time is of the essence of each term, condition and covenant herein contained. In the event the Lessee shall vacate said leased premises without lawful cause prior to the expiration of the term of this Lease, or if the Lessee shall fail to pay the rent herein reserved promptly upon the due date thereof, or shall fail to observe or perform any of the conditions, covenants and agreements to be performed by the said Lessee hereunder, the Lessor shall be entitled to recover all of its damages by reason of said breach, and, in addition, the right of re-entry is hereby specifically given to the Lessor, and the Lessor may retake peaceful possession of the premises without liability for

trespass, and may at its option, declare this lease immediately forfeited, retaining all sums heretofore paid by Lessee hereunder, or Lessor may use commercially reasonable efforts to re-rent the said premises for the best rental it can procure, and collect from the Lessee, from time to time during the remaining term of this Lease, the difference between the amount for which it is so re-rented and the rental herein reserved; PROVIDED, THAT, should the breach be one which can be cured by Lessee, before any such default shall become final, the Lessor shall serve upon the Lessee written notice specifying the default complained of, and should the Lessee cure such default within thirty (30) days of the giving of said notice, then this Lease shall be deemed fully reinstated, otherwise, said default shall be deemed complete and the Lessor may proceed as herein set forth; PROVIDED, FURTHER, that should the default be one which cannot be cured by the Lessee, said default shall be deemed completed upon the occurrence thereof without the necessity of the giving of any notice.

Lessee shall, in addition to all other sums necessary to cure such default, pay to Lessor the sum of ONE HUNDRED AND FIFTY DOLLARS (\$150.00) for each such notice, to cover the costs of preparation and serving the same, as a further pre-requisite to reinstating this lease.

26. TERMINATION BECAUSE OF COURT DECREE

In the event that any court having jurisdiction in the matter shall render a decision which has become final and which will prevent the performance of this Lease by the Lessor or the Lessee, then this Lease shall terminate, and all rights and obligations hereunder, with the exception of any undischarged rights and obligations that accrued prior to the effective date of termination shall thereupon terminate. If Lessee is not in default under any of the provision so this Lease on the effective date of such

termination, any rental prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee.

27. NON-WAIVER OF DEFAULT

The acceptance of rental by the Lessor for any period or periods after default by Lessee hereunder shall not be deemed a waiver of such default unless the Lessor shall so intend and shall so advise Lessee in writing. No waiver by the Lessor of any default hereunder by the Lessee shall be construed as a waiver of any other or subsequent default by Lessee. After any default shall have been timely cured by Lessee, it shall not thereafter be used by the Lessor as a grounds for any action under the paragraph hereof headed "Default."

28. MODIFICATION

This Lease Agreement may be modified in any particular by the prior written consent of authorized representatives of the Lessor and Lessee.

29. HOLDING OVER

If the Lessee shall, with the consent of the Lessor, hold over after the expiration or sooner termination of the term of this Lease, and continue to pay rental upon the said premises, this Lease shall not be extended, but Lessee shall be deemed to become a tenant at will. During such tenancy at will the Lessee shall be bound by all of the provisions of this Lease agreement insofar as they may be applicable to such tenancy.

30. ADVANCES BY LESSOR FOR LESSEE

If the Lessee should fail to do anything required to be done by it under the terms of this Lease, except to pay rent, the Lessor may, at its sole option, do such act or thing on behalf of the Lessee, and upon notification to Lessee of the cost thereof to the

BUSINESS AFFAIRS AND HUMAN RESOURCES
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Lessor, Lessee shall forthwith repay to the Lessor the amount of that cost, and its failure to do so shall be deemed a default hereunder.

31. LIENS AND ENCUMBRANCES

Lessee shall keep the leased premises free and clear of any liens and encumbrances arising or growing out of the use and occupancy of the said premises by the Lessee, and/or by reason of any improvements by the Lessee thereto. At the Lessor's request, Lessee shall furnish the Lessor with written proof of payment of any item, which would or might constitute the basis of such lien on the leased premises if not paid.

32. NOTICES

Any notice herein required or permitted shall be deemed duly given when personally served upon the Lessor by serving the Lessor's Manager, or Commission President, or upon the Lessee by serving the President of the Lessee of the corporation at Lewiston, Idaho, as the case may be, or when deposited in the United States Mails, addressed to the Lessor at 1626 6th Ave. North, Lewiston, Idaho 83501, or to the Lessee by mailing such notice to Lewis Clark State College, attention of the Vice-President of Administrative Services at 500 8th Avenue, Lewiston, Idaho 83501, or to any other address either party shall hereafter in writing to the other designate.

33. ATTORNEY'S FEES

In the event any suit or action is instituted by the Lessee against the Lessor, or by the Lessor against the Lessee, to enforce any provisions of this Lease, or for the determination of any legal rights arising out of or connected with this Lease, the losing party in such suit or action shall pay to the prevailing party a reasonable sum for such

prevailing party's attorney fees, to be determined by the court and taxed as a cost of the suit.

34. CAPTIONS

The captions in this Lease are for convenience only and shall not be construed to in any way limit or expand the provisions of this Lease.

35. INVALIDITY OF PARTICULAR PROVISIONS

If any term or provision of this Lease or application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to person or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and shall continue in full force and effect.

36. ENTIRE AGREEMENT

This instrument contains the entire agreement between the parties concerning the lease of the said premises, and no amendments or modifications to this Lease shall be valid unless in writing and signed by authorized representatives of both the Lessor and the Lessee.

37. BINDING AGREEMENT

The terms, covenants and agreements contained in this Lease shall extend to and be binding upon the successors or assigns of the parties hereto. IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their duly authorized officers or agents the day and year hereinabove in this instrument first written.

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38. EXECUTION AUTHORIZED

Each party certifies to the other that the person or persons executing this instrument on its behalf are duly authorized so to do, and to bind that party to the terms, conditions and covenants.

39. APPROVAL BY STATE BOARD OF EDUCATION

The foregoing Lease Agreement is approved by the State Board of Education pursuant to its governing policies and procedures and administrative rules.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their duly authorized officers or agents the day and year hereinabove in this instrument first written.

LESSEE:

IDAHO STATE BOARD OF EDUCATION

By: _____
Chester G. Herbst, Vice-President for Finance and
Administration, Lewis-Clark State College

LESSOR:

PORT OF LEWISTON

By: _____
Terry B. Kolb

ATTEST:

Peter K. Wilson

BUSINESS AFFAIRS AND HUMAN RESOURCES
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STATE OF IDAHO)
) ss.
County of Nez Perce)

On this ____ day of _____, 2008, before me, the undersigned, a Notary Public in and for said state, personally appeared Terry B. Kolb and Peter K. Wilson known or identified to me to be respectively, the President and the Secretary of the **PORT OF LEWISTON**, the municipal corporation that executed the within instrument, and acknowledged to me that said **PORT OF LEWISTON** 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 the State of Idaho
Residing at Lewiston therein.
My Commission Expires _____

STATE OF IDAHO)
) ss.
County of Nez Perce)

On this ____ day of _____, 2008, before me, the undersigned, a Notary Public in and for said state, personally appeared Chet G. Herbst Vice-President for Administrative Services of Lewis-Clark State College, known or identified to me to be a representative for the Idaho State Board of Education, and acknowledged to me that said Idaho State board of Education executed the foregoing instrument.

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 the State of Idaho
Residing at _____ therein.
My Commission Expires _____

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.

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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.

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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 therefrom. 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.

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LEWIS-CLARK STATE COLLEGE

SUBJECT

LCSC requests approval to make offer for purchase of privately-owned residence facility (Clearwater Hall)

REFERENCE

October 2004	LCSC informed Board of shortage of residence hall space for Lewiston campus.
December 2004	Board asked for needs analysis and competitive RFP.
January 2005	Board asked LCSC to explore possibility of private enterprise building new residence halls, and/or advantages of self-financing without a lease.
March 2005	Board approved sale of tax-exempt bonds to fund the construction of a residence hall; however, at Board request, LCSC promised to postpone action until private firms had time to develop proposals.
October 2005	After LCSC was contacted by two firms (each proposing to fund and build a residence hall), the Board approved the sale of lots to provide land for private development of (College Place) residence hall
June 2006	Board approved management agreement for the first of two privately-developed residence halls (College Place) located adjacent to Campus on 4 th St.
November 2006	Board approved management agreement for the second of two-privately developed residence halls (Clearwater Hall) located in downtown Lewiston.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections V.I.1. through V.I.2.

BACKGROUND

LCSC has been invited by the owners of Clearwater Hall, Conover-Bond LLC, the builders and current owners of the new (opened for operations in August 2006) residence facility located north of campus on Main Street in downtown Lewiston, to make an offer to purchase the residential portion of the property. The investors in this private development project have incurred operating losses as a result of their not having been able to lease the commercial space on the street level of the facility and lower-than-expected revenues for the residential portion of the facility. After a series of discussions with the owners, LCSC has analyzed the potential costs and benefits of purchasing the facility and was advised by the owners on January 30, 2008, that they are agreeable to LCSC discussing a possible offer of between \$3.8M and \$3.9M with the State Board for consideration.

DISCUSSION

Conover-Bond undertook their investment in Clearwater-Hall under the assumptions that the downstairs commercial space (approximately 25% of the square footage of the building) would be leased out almost continuously, generating revenues of over \$120,000 per year, and that the 117 bed spaces in the residence hall portion of the building would be fully occupied (or nearly full) 12 months each year.

In the year and a half since the building opened, no tenants have been placed in the commercial space, and occupancy rates have averaged less than 80% over the Fall and Spring semesters. Lower than expected occupancy rates were due, in part, to problems with incomplete equipment and services when the developers opened the facility in the 2006-2007 school year, and due to limited back-fill potential (no waiting list) for students who elected to leave residence hall housing after the beginning of the Fall semester. The simultaneous addition of two new residence halls (College Place and Clearwater Hall) at LCSC in 2006 created temporary overcapacity (the addition of approximately 200 beds), in contrast to the shortages noted during the 3-year period prior to the opening of the two new privately-developed halls (a period in which dozens of spill over students were housed under contract arrangements at the local Red Lion hotel).

The owners (based out of Spokane) have not maintained a continuous presence in Lewiston. Financing for the project was obtained through an interest-only construction loan. Although the longer-term business prospects for the operation are good, the short-term cash flows for the partially-vacant building have squeezed the owners (a three-person investment group) who now wish to divest themselves of the project and who envision LCSC as the prospective buyer.

LCSC's management agreement with the owner limits the College's exposure to financial risk for facility operations. LCSC foregoes a small management fee when occupancy rates drop below 85%, while the owners bear the financial risk for overhead costs in the event commercial space and residential space revenues are lower than anticipated.

The facility is well-built, attractive, and functional, representing a (then-year) construction cost investment of over \$6M. Replacement costs for the facility (say, in three years, if a replacement project were to be initiated today) would be considerably higher than \$6M.

In response to the owner's request to consider an offer for the facility, LCSC developed an estimated offer of \$3.8M, for the residential portion (75%) of the building, allowing the owners to continue their efforts to find commercial tenants for the unfinished street-level portion (25%) of the building under a condominium arrangement. The College stipulated that such an offer would not be conveyed

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to the State Board unless the owners believed such an offer was in the ballpark of possibility, and the owners agreed that Board approval should be sought.

The College has worked closely with financial advisors to analyze possible financing options for the purchase, if it were to be acceptable to the Board. The \$3.8M potential offer assumes an amortization period of 27 years, based on financing via a 15-year, 4.9% secured note, with a balloon payment after 15 years. Potential revenues are projected at a realistic 80% average annual occupancy rate during the academic year over the life of the investment, with only token revenue projected for summer months. Under the current assumptions, the offer price would include purchase of all furniture (new condition) already in place in the facility.

LCSC's analysis of its student residence hall trends suggests that the recent over-capacity situation (two new halls coming on line simultaneously, adding 200 beds instantly to the available supply) is a temporary phenomenon, and that the College will continue to face increased demand for student housing, especially as the College decommissions decrepit space in the next two years.

During the period since becoming aware of the owner's financial difficulties, and despite high turnover of staff and negotiating counterparts at Conover-Bond, the College has been able to sustain normal operations at Clearwater Hall. If a suitable purchase arrangement cannot be worked out, it is possible that LCSC students now living in (or programmed to live in) Clearwater Hall would have to be relocated for the 2008-2009 school year, or that arrangements to continue operations at the facility might have to be worked out with the owners' bankers, if foreclosure were to occur.

Other factors bearing on the proposal: the Board strongly encouraged the private-public partnership approach as a method of expanding residence space at LCSC. A good faith effort to sustain the existing residence hall would help support LCSC's students and the College's relations with other partners and local businesses. A decision to purchase the existing facility should take into consideration the potential uses of the downstairs (currently empty) commercial space. The College would need to have approval rights, within reasonable limits, over the type of tenant business that would be eligible to lease the space in close proximity to our students in an alcohol-free student housing environment.

IMPACT

If the Board approves LCSC's request to make an offer for the facility, subject to a commercial appraisal of the facility confirming that the facility is sound and worth at least \$3.8M, the College will proceed with detailed formulation of a financing plan for the facility to lock in favorable interest rates, under the approach outlined above. The College assesses that a purchase of the facility lies well within the financial means of the institution and, under a conservative business model would recoup the College's investment within approximately 10

BUSINESS AFFAIRS AND HUMAN RESOURCES
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years. Ownership of the facility would enable LCSC to improve services for student residents and improve utilization rates and quality factors for the College's residential program as a whole.

ATTACHMENTS

Attachment 1 – Map showing building location	Page 5
Attachment 2 – Photo/info sheet on Clearwater Hall	Page 7
Attachment 3 – Management agreement	Page 9
Attachment 4 – Management agreement exhibits (floor plans)	Page 53

STAFF COMMENTS AND RECOMMENDATIONS

No appraisal is available at this time, however the institution believes it will be available in a few weeks. According to LCSC, the construction costs for the building, which was opened in August 2006, amounted to \$6,200,000. While the institution is not purchasing a new building, they believe the building has not depreciated very much in 1½ years. The value of the building based on the construction costs and 75% of the building would be \$4,650,000 compared to the purchase price of close to \$3,800,000.

Institution representatives will be available to comment on the various levels of occupancy and the revenues and expenditures assumed in the debt amortization.

Staff recommends approval.

BOARD ACTION

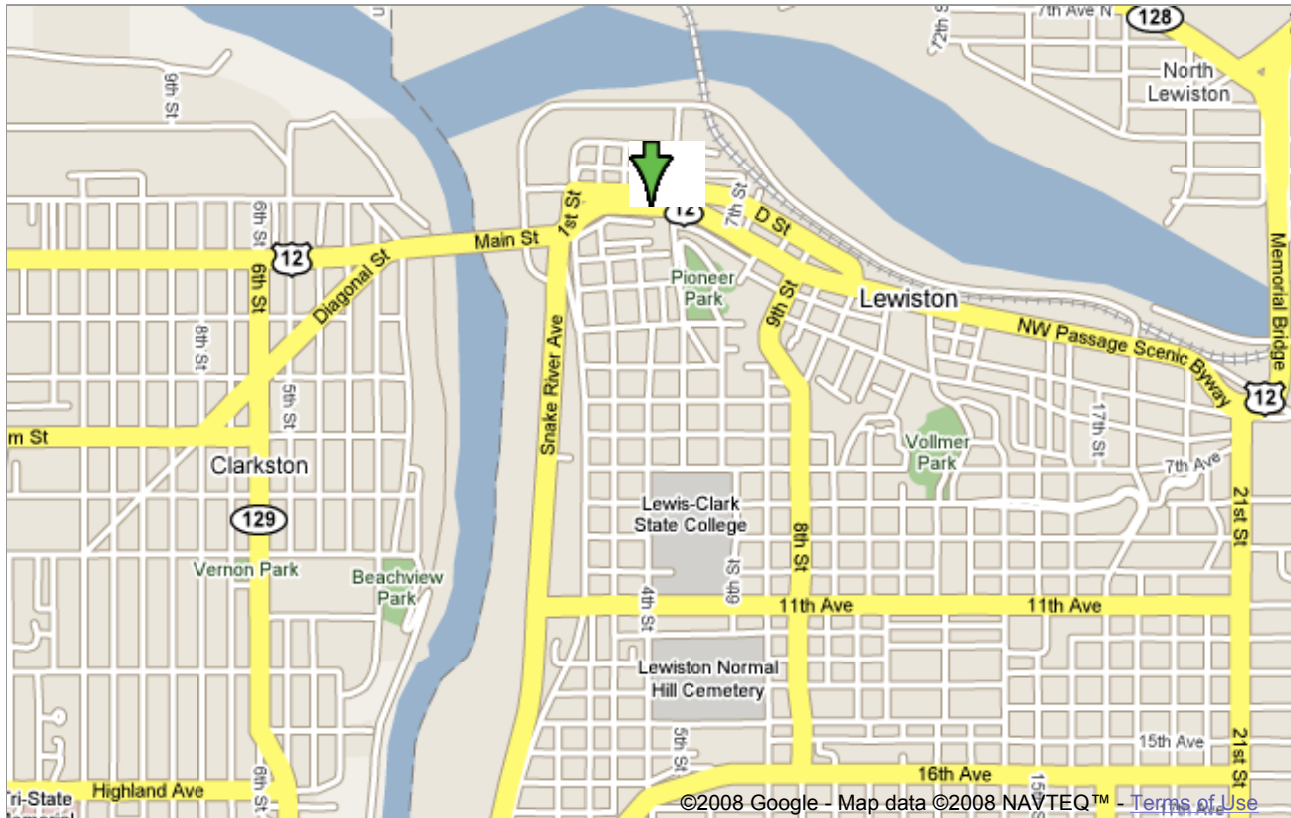
A motion to approve the request by Lewis-Clark State College, subject to final results of the property appraisal, to make an offer to Conover-Bond LLC to purchase the residential portion of Clearwater Hall and all fixtures, furniture, and equipment now contained in the facility for \$3.8M. If an offer is accepted, the purchase would not be executed without subsequent Board review and approval of the resulting purchase/condominium agreement and financing terms.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

ATTACHMENT 1



Address **410 Main St**
Lewiston, ID 83501



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Clearwater Hall, Lewis Clark State College's newest residence hall features individual bedrooms, wireless internet connectivity and television cable. Suites have a common kitchen with microwave and full size refrigerator and fully furnished bedrooms and living areas.

Clearwater is LCSC's **only fully furnished facility**. Clearwater's downtown location is closer to Lewiston's cultural and historic roots - near great running and biking areas and easy access to both the Clearwater and Snake Rivers.

Parking is **FREE** in nearby municipal lots.

Apply now for Clearwater by completing a housing application.

If you have questions about Clearwater, please contact the office of Residence Life at reslife@lcsc.edu or phone 208-792-2053. Thank you.

Standard Room Rates:

Private Bedrooms & Shared Suite Area

- First Semester Rate: \$2,150
- Continuing Semester: \$2,050
- Academic Year: \$3,800
- 12 Month: \$4,500



COLLEGE TOWN STUDENT HOUSING

**MANAGEMENT AGREEMENT
FOR PROPERTY AT 402-418 MAIN STREET
LEWISTON, IDAHO**

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EXHIBITS:

- Exhibit A: Legal Description of Project
- Exhibit B: Project Plans and Specifications
- Exhibit C: Owner FF&E
- Exhibit D: Reserved.
- Exhibit E: Form of Project Management Financial Report
- Exhibit F: Form of Annual Budget
- Exhibit G: Form of Residence Program Terms, Conditions, Rules, and Regulations
- Exhibit H: Form of Rental Agreement
- Exhibit I: Signage Criteria
- Exhibit J: Student Tenant Permitted FF&E

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (“**Agreement**”) is made as of the 23rd day of August 2006 (“**Effective Date**”), by and between COLLEGE TOWN DEVELOPMENT IDAHO LLC, a Washington limited liability company (“**Owner**”), and STATE OF IDAHO, ACTING BY AND THROUGH THE STATE OF IDAHO BOARD OF EDUCATION AS BOARD OF TRUSTEES FOR LEWIS-CLARK STATE COLLEGE (“**Manager**”).

RECITALS

A. Owner is the owner of record of that certain real property described in Exhibit A attached hereto and incorporated herein by this reference (“**Property**”), and the building and improvements located thereon as set forth on Exhibit B attached hereto and incorporated herein by this reference (“**Building**”). Except for the Retail Spaces (as defined below), the Property and the Building together with any other improvements now or hereafter located on the Property is herein collectively referred to as the “**Project**.”

B. Owner desires to develop the Project for the purposes of retaining Manager to utilize and manage the Project as part of Manager’s Residence Program for Student Tenants (as those terms are defined herein) attending Lewis Clark State College (the “**College**”), and Manager desires to manage the Project on behalf of Owner for the purpose of providing additional residential living options for students attending the College.

C. Owner is willing to develop the Project at its sole cost and expense in a form and manner acceptable to Manager based on Manager’s willingness to enter into this Agreement, and Manager is willing to manage the Project in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the above recitals and mutual covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Owner and Manager agree as follows:

AGREEMENT

1. Development.

1.1 Scope of Development. Owner agrees, at its sole cost and expense, to redevelop the Project substantially in conformance with Exhibit B attached hereto and incorporated herein by this reference. For purposes of this Agreement, the Project shall include all areas of the Building exclusive of the Retail Spaces, including without limitation, all Residences (as defined below), hallways, lobby areas, storage areas, and mailrooms of the Building, and each all as set forth in more detail on Exhibit B. As used herein, “**Residences**” shall comprise those portions of the Project intended as primary accommodation and housing for Student Tenants, including each single

bedroom (each, a “**Residence Unit**”), a “**Common Room**”, which adjoins a pod of from one (1) to five (5) Residence Units, a lounge area, and a study lounge, all as set forth in Exhibit B. Each of the Residences, and Residence Units, shall be equipped with the Owner FF&E (as defined below) which is set forth in more detail in Exhibit C.

1.2 Development Period. As of the Effective Date, Owner shall undertake development of the Project substantially in accordance with Exhibit B such that the same shall be Ready for Management (as those terms are defined below) on or before August 23, 2006 (“**Target Delivery Date**”). Notwithstanding the foregoing, the Manager shall not be required to accept delivery of the Project prior to the Target Delivery Date. For purposes of this Agreement, “**Ready for Management**” shall mean that certain date when (a) Owner obtains and provides to Manager temporary or permanent certificate of occupancy for the Project, (b) the Project is otherwise ready for possession and the Residences are ready and available for inhabitation by Student Tenants; provided that Owner shall be entitled to complete certain punch list items, landscaping, and other required items of completion to the Project that do not preclude Owner from obtaining the foregoing occupancy certificate and otherwise do not prohibit Manager from performing its obligations under the Rental Agreements, including without limitation delivering the Residences to Student Tenants for access and possession as contemplated in this Agreement and the Rental Agreements, and (c) Owner is otherwise ready, willing and able to deliver the same to Manager in accordance with this Agreement.. The date of August 23, 2006, or the date when the Project is Ready for Management, whichever is later, is sometimes hereinafter referred to as the “**Commencement Date**” or the “**Delivery Date**”.

1.3 Delivery Date Contingency. Notwithstanding anything to the contrary in Section 1.2 above, in the event Owner is unable to make the Residences Ready for Management on or before the Target Delivery Date, Owner shall not be liable to Manager for damages, claims or liability, including any indirect or consequential damages, arising from or related to any such delay or failure by Owner to make the Residences Ready for Management, and the delivery thereof to Manager, as provided for in Section 1.2 above. In the event Owner is unable to comply with the Target Delivery Date, and such failure to comply is not the direct or indirect result of any Manager Delay (as defined below), Manager’s sole and exclusive remedies shall be to require Owner to (i) assist Manager in procuring and contracting temporary housing for all Student Tenants with valid Rental Agreements (as those terms are defined below) reasonably acceptable to Owner and Manager; (ii) to reimburse Manager not more often than monthly for any costs directly related to the procurement and use of such temporary housing, but only to the extent that such costs exceed the then-applicable aggregate rent received by Manager pursuant to any and all valid Rental Agreements in effect for which such temporary housing has been procured; and (iii) abate all **Rent Installments** (“**Rent Installments**” means the periodic payments of Minimum Monthly Rent or Minimum Daily Rent and any Owner’s Additional Rent or Pro-Rata Rent payable to Owner under this Agreement) from the Target Delivery Date until such time as the Residences are Ready for Management.

For purposes of this Section 1.3, a “**Manager Delay**” shall mean any delay caused by Manager in the performance of any of its obligations hereunder, including without limitation the action or inaction of Manager, its employees and agents, or the gross negligence or willful misconduct by the same.

2. Term of Agreement.

2.1 Initial Term. The initial term of this Agreement (“**Initial Term**”) shall commence on August 23, 2006 (“**Commencement Date**”), and shall continue thereafter until the latter of the last day of the one-hundred-twentieth (120th) month thereafter or expiration of the last Rental Agreement (as defined below) validly entered into by Manager (“**Expiration Date**”). Notwithstanding the foregoing, the Management Responsibility (as defined below) shall not arise, and Manager shall not be obligated regarding the same, until that certain date on which Owner makes the Residences Ready for Management and delivers the same to Manager as contemplated herein (“**Management Commencement Date**”).

2.2 Right of First Offer.

2.2.1 Right of First Offer. Owner shall grant Manager a right of first offer (the “**ROFO**”) to purchase the Project; provided that (a) this Agreement shall be in full force and effect, and (b) there shall not exist any Event of Default or any facts which with the giving of notice or passage of time, or both, would constitute an Event of Default. If at any time during the Initial Term or any Extended Terms Owner intends to offer the Project for sale, Owner shall provide written notice of such intention to Manager (the “**ROFO Notice**”). For sixty (60) days after receipt of the ROFO Notice (the “**ROFO Negotiation Period**”), Owner and Manager shall negotiate in good faith regarding terms for a sale of the Project to Manager. During the ROFO Negotiation Period, Owner will not actively market the Project and Owner will not negotiate with any potential purchasers of the Project other than Manager. If Owner and Manager agree on terms on which Owner will sell the Project to Manager during the ROFO Negotiation Period, such terms will be documented in a purchase and sale agreement (“**PSA**”) to be executed between Owner and Manager. If Owner and Manager do not execute a PSA during the ROFO Negotiation Period, or if Manager is in monetary default under this Agreement at the time of the ROFO Notice, then the ROFO granted hereunder shall lapse and Owner will be free to market the Project for sale. Notwithstanding the foregoing, the ROFO shall remain in full force and effect in the event Owner fails to market the Project or removes the Project from sale for any reason.

2.2.2 ROFO Personal. The ROFO, and the respective provisions set forth in this Section 2.2, are personal to, and for the exclusive benefit of, the Manager, and no Transferee other than a Permitted Transferee (as those terms are defined below) shall have any right, title or interest whatsoever in the ROFO granted to Manager under this Section 2.2.

2.2.3 Affiliate and Other Permitted Transfers. Notwithstanding anything to the contrary herein, the ROFO shall not apply to any purchase, merger, consolidation, joint venture or reorganization of Owner (an “**Ownership Change**”), or any transfer of the Project to any affiliate of Owner. For purposes of this Section 2.2.3, “**Affiliate**” shall mean any corporation, partnership, or other entity: (a) which owns or controls the majority of ownership interests of Owner, either directly or indirectly through other entities; (b) the majority of ownership interests of which is owned or controlled by Owner; (c) the majority of whose ownership interests is owned or controlled by an entity described in (a); or (d) which owns or controls a majority of the ownership interests of Owner.

2.3 Voluntary Termination. Either party may terminate this Agreement without cause by providing the other party with written notice of termination in accordance with Section 17 herein on or before March 1st of any year during the Initial Term or any Renewal Term (“**Termination Notice**”). Following proper delivery of a Termination Notice, this Agreement shall terminate on August 14th of the then applicable calendar year, and thereafter, each of the parties shall fully and unconditionally released from the terms and conditions of this Agreement from and after the date of termination subject to any terms and conditions herein that expressly survive expiration or sooner termination of this Agreement.

3. Management of Residences.

3.1 Delegation of Management Responsibility. Commencing on the Commencement Date, Owner hereby engages and appoints Manager as the sole and exclusive manager and operator of the Residences, and Manager hereby accepts such appointment from Owner, which such appointment shall empower and obligate Manager to exclusively supervise, direct and control management and operation of the Residences in accordance with the terms and conditions set forth in this Agreement (“**Management Responsibility**”). Notwithstanding the foregoing, Manager’s Management Responsibility under this Agreement or otherwise shall not include, nor shall Manager have any rights or responsibilities for, the management and/or operation of any of the retail spaces located on the first floor of the Building in which the Project is located, but specifically excluding that portion of the first floor of the Building identified as Manager’s Management Responsibility, all as set forth in more detail on Exhibit B (“**Retail Spaces**”). As used herein, the term “Project” specifically excludes the Retail Spaces.

3.2 Scope of Management Responsibility. Pursuant to the Management Responsibility, and subject to the terms and conditions set forth in this Agreement, Manager shall have the exclusive responsibility, duty and obligation to service, promote, operate and manage the Residences on a day-to-day basis in an efficient and economical manner at Manager’s sole cost and expense (“**Manager Expenses**”). Without limiting the foregoing, and in addition to other requirements and subject to any other limitations as may otherwise be set forth in this Agreement,

Manager shall perform and otherwise provide the following services, and incur at its sole cost any Manager Expenses related thereto or arising thereunder, as follows:

(a) hire, employ, manage and at all times maintain adequate staffing necessary to undertake and perform the Management Responsibility; as well as determine and implement personnel policies and practices relating to the management and operation of the Project generally, terms and conditions of employment, recruiting, screening, selection, hiring, training, compensation, employee benefits, supervision, discipline, dismissal and replacement;

(b) unless otherwise provided for and set forth herein, establish all relevant prices, price schedules, rates, rate schedules, rents, lease charges and concession charges for the Project and the Residences specifically;

(c) negotiate and administer Rental Agreements with Student Tenants pursuant to the Residence License (as those terms are defined below);

(d) negotiate and administer in its own name, or in the name and on behalf of Owner as and where applicable, any leases and licenses for all appropriate areas of the Project;

(e) provide marketing and sales services for the Project in conformance with College requirements and standards;

(f) obtain and keep in full force and effect in accordance with applicable law, in its own name, or in Owner's name as applicable, any and all license and permits to the extent the same is within the control of Manager;

(g) negotiate, enter into, and administer in its own name, or in the name and on behalf of Owner as and where applicable, any contracts, licenses and purchase orders for services, inventories, provisions, and supplies that are necessary for maintenance and operation of the Project, and to use the same exclusively in the management and operation of the Project;

(h) institute in its own name, or in the name of Owner as and where applicable, any and all legal actions or proceedings necessary for, or incident to, operation and maintenance of the Project; provided, however, the Manager is not required to institute or to participate as a party in litigation with Owner's contractors, subcontractors, architects, engineers or agents in any dispute arising from the original development or construction of the Project by Owner;

(i) maintain the facilities associated with the Project in good repair and condition as set forth in more detail pursuant to Section 7.1 herein, including without limitation the Owner Maintenance Obligations and Owner FF&E subject to the provisions of Section 7.2 below;

(j) collect all rent, security deposits, charges, fees, sums and other amounts due from Student Tenants of the Residences in accordance with this Agreement and the Rental Agreement;

(k) maintain a comprehensive system of management records, books and accounts which shall belong to Owner. Owner and any party designated by Owner shall have at all times access to such records, accounts and books, including without limitation all files, rent rolls, invoices, receipts, and other materials pertaining to the Residences and/or this Agreement, all of which Manager covenants to keep safe, available and separate from any records not relating to the Residences, Manager's Management Responsibility and/or this Agreement;

(l) provide Owner on or before the fifteenth (15th) day of each month during the Initial Term and any Renewal Terms a report substantially in the form attached hereto as Exhibit E and incorporated herein by this reference;

(m) prepare not later than thirty (30) days following the Commencement Date and not later than March 1st of each year of the Initial Term and any Renewal Terms thereafter, an annual budget substantially in the form attached hereto as Exhibit F and incorporated herein by this reference;

(n) Deliver to Owner not later than August 1st, January 1st, and May 15th respectively in each Lease Year of the Initial Term and any Extended Terms an "**Occupancy Schedule**" for the upcoming Rental Term (as hereinafter defined). The Occupancy Schedule shall set forth the anticipated occupancy of the Project for the upcoming Rental Term, the identifying number, but not the name, of each Student Tenants or other occupant, room number of the Residence Unit occupied by such person, and the Rental Rate to be paid for each such Residence Unit. The Occupancy Schedule shall be updated monthly by the Monthly Occupancy Reports to be submitted under Section 5.4.4, provided that, during the Summer Rental Term (as hereinafter defined), such update shall be retrospective;

(o) Reserved;

(p) use reasonable care to provide, at all times, for the safety and security of the Project, including without limitation the Project, Student Tenants and their personal property, guests and invitees;

(q) perform such other tasks as are customary and usual in the operation of a residential living facility of a class and standing equal to the Project and as otherwise required to operate and maintain the Project as contemplated under this Agreement or as may be reasonably specified by Owner from time to time; and

(r) negotiate and administer, in its own name and on its own behalf, concession agreements for all appropriate areas of the Project. Manager shall

be entitled to receive and retain all commissions and other compensation payable as a result of those concession agreements.

3.3 Reimbursement of Expenses and other Payment to Manager.

All Owner Expenses (as defined below) properly and validly incurred by Manager in accordance with the terms and conditions of this Agreement shall be for the account of, on behalf of, and at the expense of Owner. For administrative and economic efficiency, the parties agree that Owner Expenses will be accumulated by Manager until the total of those unpaid Owner Expenses equals at least One Hundred Dollars (\$100) before Manager submits an invoice for those accumulated Owner Expenses to Owner. For the same reasons, Manager agrees that it will not invoice Owner for minor repair costs which are an Owner's Expense where materials used have a value of less than Twenty Five Dollars (\$25) per job and are taken from Manager's existing inventory of low-cost materials and where any work is performed by Manager's salaried employees during their regular work day. Owner shall reimburse any Owner Expenses within thirty (30) days following submission of an invoice to Owner for such expenditure by Manager. Any invoice not paid within such thirty (30) day period shall bear interest from the date of the invoice at the Agreed Rate (as hereinafter defined) until paid. Other amounts payable by Owner to Manager under this Agreement (including Management Fees as hereinafter defined) shall bear interest from the due date of such payment at the Agreed Rate.

3.4 Conditions to Management Responsibility. Unless otherwise expressly provided in this Agreement, Manager shall be temporarily excused from its obligations under this Agreement:

(a) to the extent and whenever Manager shall be prevented from compliance with such obligation(s) by events of Force Majeure (as defined below); or

(b) to the extent that such obligations cannot reasonably be performed a result of any breach of any representation, warranty or covenant contained in this Agreement or default hereunder by Owner.

4. Manager's Compensation.

4.1 Management Fees. For purposes of this Section 4.1 specifically, and the Agreement generally, the following terms shall as follows: (a) the fall semester during which Student Tenants are in occupancy under fall semester Rental Agreements (as defined below) beginning on approximately August 20th and ending approximately December 31st, shall hereinafter be referred to as the "**Fall Rental Term**", (b) the spring semester during which Student Tenants are in occupancy under spring semester Rental Agreements beginning approximately January 1st, and ending approximately May 19th, shall hereinafter be referred to as the "**Spring Rental Term**," and (c) the period between the Spring Rental Term and the Fall Rental Term beginning May 20th and ending August 19th shall hereinafter be referred to as the "**Summer Rental Term**,"

each of which periods is hereafter sometimes referred to as a “**Rental Term**” or collectively as “**Rental Terms**”, and in the aggregate which are collectively referred to as a “**Lease Year**”). During the Initial Term and any Renewal Terms, Owner shall pay Manager a management fee based upon the Rent Installments remitted to Owner under the terms of this Agreement. Within ten (10) days after the end of each Rental Term, Owner shall advance to Manager a certain percentage of the Rent Installments collected and paid to Owner during such Rental Term as a management fee (“**Management Fee**”) based on the following methodology:

(a) Determine the gross Rent Installments paid to Owner during the preceding Rental Term.

(b) Determine the gross Rent Installments which would have been generated for the entire preceding Rental Term if Student Tenants had occupied one hundred percent (100%) of the Residence Units (excluding only one Residence Unit in the RD Apartment) for the entire preceding Rental Term and had paid Rent Installments for such entire Rental Term at the Minimum Monthly Rental Rate (as defined below) in effect for such Lease Year.

(c) Divided the amount computed under Item (a) by the amount computed under Item (b) to determine the actual percentage of total occupancy for the preceding Rental Term. If the resulting percentage is less than eighty-five percent (85%), Manager shall not be entitled to receive any Management Fee for the preceding Rental Term.

(d) If the percentage computed under Item (c) equals or exceeds eighty-five percent (85%), then the Management Fee shall be calculated as follows:

(i) Four percent (4%) of Rent Installments paid to Owner if the percentage is ninety-five percent (95%) or higher.

(ii) Three percent (3%) of the Rent Installments paid to Owner if the percentage is less than ninety-five percent (95%) but greater than or equal to ninety percent (90%).

(iii) Two percent (2%) of the Rent Installments paid to owner if the percentage is less than ninety percent (90%) but is greater than or equal to eighty-five percent (85%).

(e) For the purpose of computing the Management Fee for the Summer Rental Term, the entire Rent Installment to be remitted to the Owner on or before May 5 for the month of May will be considered part of the Rent Installments paid to Owner for the Spring Rental Term. Daily Rent collected and paid to Owner during the portion of the month of May which is included in the Summer Rental Term shall be considered rent paid to Owner for the Summer Rental Term. Daily Rent collected and

paid to Owner for occupancy during the month of August will not be paid to Owner until September but will also be considered rent paid to Owner for the Summer Rental Term. The portion of the January Rent Installment to be paid in December under Section 5.5.1(g) will be considered part of the Rent Installments paid to Owner in the Spring Rental Term.

5. Leasing Requirements.

5.1 Rental Agreement. Subject to Section 5.2 below, Manager shall lease available occupancy in the Residence Units of each of the Residences exclusively to registered students in good standing with the College and other persons participating in programs affiliated with the College and, during the Summer Rental Term, other persons to whom Residence Units are rented by Manager (all being hereinafter referred to as “**Student Tenants**”), all pursuant to the College’s residence hall program and in accordance with the terms and conditions governing the same established and promulgated by the College from time to time (“**Residence Program**”), which such Residence Program’s terms, conditions and guidelines are set forth in Exhibit G attached hereto and incorporated herein by this reference. In the event of any conflict between the Residence Program and this Agreement, this Agreement shall control to the extent of such conflict. For purposes of this Section 5 specifically and this Agreement generally, and subject to anything to the contrary herein, Owner hereby grants Manager an exclusive license during the Initial Term and any Extension Terms to enter into lease agreements with Student Tenants for occupancy of the Residences and related administration of the same as contemplated in this Agreement (“**Residence License**”). The residence License is also expressly subject to Owner’s right to lease Residence Units reserved in Section 5.7 herein. For each and every leasing of occupancy in the Residences to a Student Tenant, Manager shall, in its own name, enter into and execute a rental agreement in the form attached hereto as Exhibit H and incorporated herein by this reference (“**Rental Agreement**”) at rental rates, not less than the applicable Minimum Rental Rates as set forth below. Manager shall provide Owner with a copy of each executed Rental Agreement not later than ten (10) days following execution of each such Rental Agreement. Subject to Owner’s assumption rights/obligations pursuant to Section 5.8 herein, Manager may redact the names of the Student Tenants from the copies of the Rental Agreements provided to the Owner.

5.2 Minimum Monthly and Daily Rental Rates. The “**Minimum Monthly Rent**” for the first Lease Year shall be Three Hundred Ninety and no/100 Dollars (\$390.00) per Residence Unit, inclusive of the cost of local telephone and basic cable TV in the Common Room of each pod of Residence Units and broadband internet service in each Residence Unit. No later than February 15, 2007, and on or before February 15th in each subsequent Lease Year, Owner and Manager shall, by mutual agreement, determine the Minimum Monthly Rent for the upcoming Lease Year. Notwithstanding the foregoing, the Minimum Monthly Rent shall increase annually at the rate of not less than three percent (3%) per Lease Year. The “**Minimum Daily Rent**” shall be one thirtieth (1/30th) of the Minimum Monthly Rent.

5.3 Additional Rent – Summer Term. The parties expect that during the Summer Rental Term, Manager may be able to rent Residence Units at a daily rental rate which is in excess of the Minimum Daily Rent. The amount of such excess is hereinafter referred to as “**Additional Rent,**” and such Additional Rent actually collected will be shared between Owner and Manager as follows:

(a) Owner shall be entitled to receive all Additional Rent from the Summer Rental Term actually collected by Manager until Owner has received an amount for the Lease Year equal to eighty-five percent (85%) of the product which results from multiplying the number of Residence Units in the Project (excluding only one Residence Unit in the RD Apartment) times the Minimum Monthly Rental Rate in effect for the Lease Year, times twelve (12) months.

(b) Thereafter, any Additional Rent for the Summer Rental Term actually received by Manager shall be paid one-half (1/2) to Owner and the remaining one-half (1/2) shall be retained by Manager.

5.4 Additional Rent – Fall and Spring Terms. The parties understand that any rent in excess of the Minimum Monthly Rent which is payable by Student Tenants during either the Fall or Spring Rental Terms, together with all forfeitures, unearned rent or other payments attributable to occupancy during either the Fall or Spring Rental Terms shall be retained by and belong to Manager.

5.5 Remittance of Rent.

5.5.1 Duty to Collect. Irrespective of Manager’s ability or inability to actually collect any Rent Installments and any other sums due and payable from occupants under existing Rental Agreements, Manager hereby covenants that for the Fall Rental Term and Spring Rental Terms, it shall pay Owner the Minimum Monthly Rent for each Residence Unit occupied by a Student Tenant on the first day of each month during the Fall Rental Term and the Spring Rental Term (it being understood that September shall be considered the first month of the Fall Rental Term and that Minimum Monthly Rent payment for September will not be increased because that period includes a part of the month of August during which Student Tenants are in occupancy nor will the Minimum Monthly Rent payment for the month of May be reduced because that month includes a part of the month of May during which Student Tenants are not in occupancy), plus Pro-Rata Rent, as hereinafter defined. Monthly Rent Installments during the Fall and Spring Semester Rental Terms shall be computed by multiplying the number of Units occupied on the first day of each month, beginning with the month of September by the Minimum Monthly Rent as determined under Section 5.2. In addition to the foregoing, and after taking into account any adjustments reflected in the September 20th payment and the January 20th payment provided below, the Manager shall pay to Owner, as part of the applicable Rent Installment, the pro-rata portion of the Minimum Monthly Rent payable for the preceding month by a Student who occupies a Residence Unit after the first day of the preceding month (“**Pro-Rata Rent**”);

Provided, further that Owner shall not be entitled to Pro-Rata Rent for a Residence Unit if Owner has received the Minimum Monthly Rent for that Residence Unit for the preceding month. Irrespective of when rent is collect by Manager, Monthly Rent Installments shall be remitted to Owner as follows:

(a) September 5th – Seventy-five percent (75%) of Rent Installment. for the month of September.

(b) September 20th – The remainder of the September Rent Installment, after adjustment for rent refunds and late registrations

(c) October 5th – Rent Installment for the month of October.

(d) November 5th – Rent Installment for the month of November.

(e) December 5th – Rent Installment for the month of December.

(f) December 26th – Seventy-five percent (75%) of the Rent Installment for the month of January based upon occupancy for the month of December.

(g) January 20th – The remainder of the January Rent Installment after adjustment for non-returns, refunds and late registration

(h) February 5th – Rent Installment for the month of February.

(i) March 5th – Rent installment for the month of March.

(j) April 5th – Rent Installment for the month of April

(k) May 5th – Rent Installment for the month of May.

Manager shall collect and remit an entire Minimum Monthly Rent Payment for the month of December for each Student Tenant occupying a Residence Unit on December 1, even though school is not in session for the latter portion of December. Manager will also collect and remit an entire Minimum Monthly Rent Payment for the month of January for each Student Tenant occupying a Residence Unit on the first day of the spring semester even though that day will be after the 1st day of January.

5.5.2 Summer Rental Term. Irrespective of Manager's ability or inability to actually collect the Minimum Daily Rent, Manager hereby covenants that for

the Summer Rental Term, it shall pay Owner the Minimum Daily Rent for each day a Residence Unit is occupied by a Student Tenant, plus an amount equal to any Owner's Additional Rent actually collected by Manager. Minimum Daily Rent and any Owner's Additional Rent owing for a month during the Summer Rental Term shall be remitted to Owner by the 10th day of the following month.

5.5.3 Method of Payment. The amounts to be remitted to Owner under this Section 5 shall be placed in a separate Agency Account within the College's accounting system and shall be disbursed from said Agency Account as provided herein.

5.5.4 Occupancy Reports. At the time Rent Installments are remitted to Owner, Manager shall submit an "**Occupancy Report**" identifying each Residence Unit occupied during the period for which the Rent Installment is paid and, for the Summer Rental Term, the period the Residence Unit was occupied.

5.6 Delinquent or Missed Rent Installments. Any Rent Installment or other charges, sums or fees which are due and payable by Manager under the provisions of this Agreement and which are not paid when due shall bear interest from the date due until paid at an annual rate (hereinafter the "**Agreed Rate**") equal to five percent (5%) in excess of prime rate published in the Wall Street Journal as such rate changes from time to time.

5.7 Lease-Up Schedule.

(a) Manager hereby covenants and agrees that it shall use commercially reasonable efforts to market and fully lease-up the Residences each and every Lease Year.

(b) With regard to leasing-up of the Residences specifically, Manager shall lease occupancy in the Residences on a floor-by-floor basis beginning with the lowest floor in each Building and progressing to the next highest floor until all floors in the Building are fully occupied. Under no circumstances shall Manager be entitled to lease any Residence Unit on any higher floor until occupancy on the immediately lower floor of the Building has been fully leased up pursuant to validly executed Rental Agreements for all of the available Residence occupancy on such immediately lower floors of each Building without first obtaining the Owner's written consent, which consent shall not be unreasonably withheld, conditioned or delayed. By way of example, Manager would not be permitted to lease occupancy on the fourth floor of one Building until occupancy for the third floor of the Building had been fully leased in compliance with this Section 5.7(b). Additionally, in the event Manager is unable to fully lease ninety percent (90%) occupancy of the Residences for any given Rental Term, inclusive of the RD Apartment (as that term is defined below), then any and all remaining, unoccupied Residence Units not subject to valid Rental Agreements shall, after the forty-fifth (45th) day of that Rental Term, be unavailable to Manager for the then applicable Rental Term without Owner's prior written consent, which consent shall not

be unreasonably withheld, conditioned, or delayed subject to Section 5.7(c) below. For purposes of this Section 5.7(b), Manager and Owner have designated Unit 212, A, B and C a pod composed of Units 212B and 212C and the adjoining Common Room (212A) as the residential director apartment (“**RD Apartment**”). One Residence Unit within the RD Apartment shall not be subject to, or included in the calculation of, Rent Installments, and shall not require execution of a valid Rental Agreement to be included in calculation of occupancy on any floor of the Building. The second Residence Unit in the RD Apartment shall not be rented by Manager to a Student Tenant and shall be used exclusively as an office and conference room for the Residence Director and the Residence Assistants. Manager shall have no obligation to pay Minimum Monthly or Daily Rent for this second Residence Unit while so used, but this second Residence Unit shall not be considered to be occupied for the purposes of calculating percentage of occupancy for any purpose under this Agreement.

(c) **Owner’s Right to Lease Residence Units.** In the event Manager is unable in any given Rental Term to lease all of the Residence Units in the Project after the forty-fifth (45th) day of that Rental Term, Owner shall have the exclusive right, but not the obligation, to lease any such unoccupied Residence Units for the then current Rental Term or any remainder term thereof to tenants that Owner may solicit and accept, provided, that prior to placing any occupant in available Residence Units then managed by Manager, Owner must first provide Manager with a five-day (5) written notice of the occupant Owner intends to place in a Unit. In the event Manager refuses to accept the proposed occupant, Manager must respond in writing within such five-day (5) period as to why it rejects the proposed occupant and also within such five-day (5) period, Owner and Manager shall attempt to mutually agree as to whether the occupant shall be entitled to take possession of a Unit. Failure to agree shall result in a decision being made no later than five (5) days of the expiration of the initial five-day (5) notice period by LCSC’s Vice-President for Administrative Services and a good faith decision by the Vice-President of Administrative Services shall be binding upon both parties. The exercise of any Owner Leasing Rights shall be documented by Owner executing a form of Lease Agreement prepared by Owner utilizing the same format that Manager is then using for all other Units. Manager shall have no responsibility for the collection of rent from Owner’s tenants, nor shall Manager be responsible for the actions of said tenants or the repair or replacement of damage caused by said tenants.

5.8 Owner’s Right to Deal Directly with Student Tenants. In the event of any Event of Default, early termination of this Agreement, or other event which results in the removal or replacement of Manager, Owner shall have the right but not the obligation, in its sole discretion, to (a) assume any or all of the Rental Agreements with Student Tenants for the then-applicable Lease Session and step into all of the rights, duties and obligations of Manager thereunder (and Manager shall draft any and all Rental Agreements with Student Tenants to authorize the same), or (b) enter into a new lease agreement with any or all of the Student Tenants for the then-remaining Lease Period. In the event Owner does not elect to assume the Rental Agreements or enter into new lease agreements with any or all of the Student Tenants for the then-applicable Lease Session, such Rental Agreements so affected shall be deemed terminated

without any liability to Owner. Manager hereby covenants to include any and all relevant provisions in the Rental Agreements to effect the provisions of this Section 5.8. The rights set forth in this Section 5.8 shall explicitly be in addition to, and not subject to offset against, any default remedies provided to Owner pursuant to Section 11 of this Agreement. Notwithstanding the foregoing provisions of this Section 5.8, Owner agrees that if the termination occurs during the Fall or Spring Rental Terms, Owner will assume from Manager those Rental Agreements which conform to the provisions of Exhibit H, as that Rental Agreement may from time to time be amended with the approval of Owner, for the remainder of the then-current Rental Term, so long as the Rental Agreement provides for rent which is at least equal to the then applicable Minimum Monthly Rent. Manager shall promptly pay Owner all prepaid rent received by Manager upon the Rental Agreements assumed by Owner, which pre-paid rent shall be determined by proration as of the termination date. Manager shall also remit to Owner the unexpended portions of security and other deposits made by Student Tenants whose Rental Agreements are assumed by Owner.

6. Use of Residences.

6.1 Residential Area. The Project, and the Residences and Residence Units, shall be used for the primary housing of Student Tenants and other incidental uses reasonably related thereto and in support thereof in accordance with the Residence Program or otherwise as Manager sees fit, provided that nothing herein shall authorize Manager to use or allow use of the Residences in any manner contrary to the terms and conditions of the Rental Agreement ("**Permitted Use**").

6.2 Compliance with Applicable Laws and Prohibited Uses. Manager shall not allow the Residences, or any portion thereof, to be occupied or used contrary to any applicable statute, rule, order, ordinance, requirement or regulation, or in any manner which would: (a) violate any certificate of occupancy affecting the same; (b) cause injury to the improvements or overload the floors; (c) constitute a public or private nuisance or waste; or (d) increase the cost of Owner's Insurance (as defined below) maintained by Owner relating to the Residences (collectively, the "**Prohibited Uses**"). Manager hereby covenants and agrees that it will promptly, upon discovery of any Prohibited Use, take all reasonable steps necessary to compel the discontinuance of such use. In the event that any Prohibited Use results in an increase in the cost or expense of Owner's Insurance, Manager shall pay any such increased costs or expenses in Owner's Insurance in connection with such Prohibited Use.

6.3 Prohibited Use of Retail Spaces. Owner hereby covenants not to lease or otherwise allow any of the Retail Spaces to be used as a pornographic bookstore or any other pornographic entertainment operation.

7. Maintenance and Repair of the Residences.

7.1. Manager Duties, Obligation and Liabilities.

7.1.1 Manager's Maintenance Duties. Pursuant to the Management Responsibility, Manager shall be responsible for, and the Management Expenses shall include, the obligation to maintain, repair and replace, as and when necessary, all aspects of the Project, including, without limitation, the Residences and all janitorial and trash removal services relating thereto ("**Manager Maintenance Duties**"). Additionally, Manager's Maintenance Duties shall additionally include any and all of Owner's Maintenance Duties (as defined below) in the event any of the same are caused by, result from, or are otherwise attributable, whether directly or indirectly, the negligence or willful misconduct of Manager, including, without limitation, any of the same arising under or as a result of the Management Responsibility.

7.1.2 Manager's Changes and Alterations. Manager, at its sole cost and expense as a Management Expense, may make any modifications, improvements, alterations or additions to the Residences ("**Alterations**"), provided that such Alterations (a) do not affect the exterior appearance of the Building; (b) do not or add or subtract from the square footage of the Residences, including without limitation any floor area of the Building and/or any Residences therein; (c) do not otherwise affect the structural, electrical or mechanical systems of the Building and/or Residences; and (d) do not in the aggregate cost in excess of Fifteen Thousand and no/100 Dollars (\$15,000.00) in any twelve (12) month period. Any other Alteration by Manager shall require Owner's prior written consent, which consent shall be in Owner's reasonable discretion to condition, delay or withhold. Notwithstanding the foregoing, prior to Manager undertaking any Alteration, Manager shall (w) notify Owner not less than ten (10) days prior to beginning such Alteration; (x) deliver to Owner a copy of the plans for such Alteration, if any; (y) properly obtain and deliver to Owner copies of any and all necessary permits required under Applicable Laws (as defined below) to undertake and complete such Alteration; and (z) perform and complete all Alterations in a good and workmanlike manner in compliance with Applicable Laws. Along with any request for Owner's consent, and prior to commencement of any Alteration or delivery of any materials to the Residences, Manager shall first furnish Owner with the names and addresses of all contractors performing work on the Alteration. Manager shall be liable for any damages and shall pay all costs and expenses, including Attorneys' Fees (as defined below) incurred by Owner in any way connected to or arising from claims and liabilities resulting from the negligence on the part of itself, its employees or its officers in the performance or completion of such Alteration. Unless otherwise notified by Owner in writing, Manager shall remove at its sole cost and expense any and all Alterations upon expiration of the Initial Term or any Renewal Terms, or the sooner termination of this Agreement, and shall repair any damage related thereto such that the Residences is restored to prior condition preceding each such Alteration.

7.1.3 Mechanic's Liens. Manager shall not suffer or permit any mechanic's lien or other lien to be filed against all or any portion of the Project because of any Authorized Repair, Alteration, or other work, labor, services, equipment or materials supplied or claimed to have been supplied to the Residences at the request of Manager, or anyone holding all or any portion of the Project through Manager, including any Student Tenants. If any such lien is filed against all or any portion of the Project,

Owner shall give Manager immediate notice of the filing and Manager shall cause the lien to be discharged within thirty (30) days after Owner's demand. For the purposes hereof, the term "discharge" shall mean the payment of the lien or the posting of a bond with respect thereto allowed under Idaho law. If Manager fails to discharge such lien within such period, in addition to any other right or remedy Owner may have, after five (5) days prior written notice to Manager, Owner may, but shall not be obligated to, discharge the lien by paying to the claimant the amount claimed to be due or by procuring the discharge in any other manner that is now or may in the future be permitted by law. Any amount paid by Owner, together with all reasonable and actual costs, fees and expenses in connection therewith, including Owner's reasonable Attorneys' Fees, together with interest thereon at the Agreed Rate, shall be repaid by Manager to Owner on demand by Owner. Manager shall be liable for any damages and shall pay costs, damages, expenses, including Attorneys' Fees, and shall be solely liable for any liabilities, penalties, claims, demands and obligations, resulting from such lien.

7.2 Owner's Duties, Obligations and Liabilities.

(a) Unless otherwise expressly provided for herein, Owner shall be financially responsible for, but Manager shall undertake as part of the Management Responsibility, the maintenance, repair, and replacement, as and when necessary, of all aspects of the Project, expressly excluding any Management Responsibility and/or Manager's Maintenance Duties relating to the Project, but including without limitation (i) all structural and mechanical elements of the Project, including all foundations, exterior walls, roof structure, window, gutters, and exterior glazing, exterior doors, and Building envelope, (ii) all electrical, mechanical, HVAC, water, telecommunications, and other utility systems, lines and conduits located within the Building, (iii) the elevator, (iv) Owner's Additional Maintenance Obligation (as defined in Section 7.2(c)), and (v) all aspects of the Retail Spaces ("**Owner Maintenance Obligations**"). Manager shall be authorized to incur costs on account of the Owner without Owner's prior written consent for any Owner Maintenance Obligations which are less than five hundred dollars (\$500.00) per incident and less than five thousand dollars (\$5000.00) in the aggregate during any given Rental Term; provided, however, that these limitations shall not apply and Owner's prior written consent shall not be required if immediate repairs are reasonably necessary to prevent further damage to the Project. Owner also agrees that it will not unreasonably withhold, condition or delay any consent required under this Section 7.2(a). Costs incurred by Manager for Owner Maintenance Obligations are Owner Expenses and shall be reimbursed to Manager as provided in Section 3.3.

(b) Additionally, Owner shall, at its sole cost and expense, provide certain furnishings, fixtures, and equipment for the Residences and each Residence Unit as set forth on Exhibit C, ("**Owner FF&E**"). The parties recognize that the repair and replacement of the Owner FF&E, to the extent the costs of such repairs and replacement is not properly payable from tenant security deposits, is the joint obligation of the parties; provided that Manager shall be responsible for undertaking all such maintenance, repair, and replacement obligations as part of the Management

Responsibility. The Cost of such maintenance, repair and replacement of Owner's FF&E shall be paid one-half (1/2) by Owner and one-half (1/2) by Manager. Owner's share of such cost is an Owner Expense and shall be reimbursed to Manager as provided in Section 3.3.

(c) Owner shall also be responsible for the cost incurred by Manager to repair or replace any damage, deterioration or defects in the Project resulting from defects in the original design, materials or workmanship of the Project ("**Owner's Additional Maintenance Obligation**"); provided that Manager gives the Owner written notice of the damage, deterioration or defect within one (1) year of the date the Project is ready for Management. The cost of satisfying Owner's Additional Maintenance Obligation expense and shall be reimbursed to Manager as provided in Section 3.3.

7.3 Maintenance of Landscaping. Manager shall also be responsible for the maintenance of the landscaping and irrigation systems on the south side of the Building. Lawn mowing, trimming of shrubbery and other routine maintenance shall be done by Manager, at Manager's expense. All other costs, including, without limitation, servicing, repair or replacement of irrigation systems or their components, replacement of planting or poor drainage problems will be an Owner's Expense and will be reimbursed to Manager as provided in Section 3.3; provided that Owner shall not be responsible for any such costs resulting from Manager's negligence or willful misconduct in Manager's performance of Owner's landscaping obligations.

7.4 Taxes. Owner shall pay, before delinquency all real estate and personal property taxes assessed against the land and improvements of which the Project is a part and against the Owner FF&E.

7.5 Utilities. Owner shall timely pay, when due, all charges and costs for utilities or services furnished to the Project, including water, sewer, gas and electricity, together with broadband internet, for each Residence Unit and basic cable and local telephone service to each Common Room.

7.6 Common/Shared Costs. In the event any of the Residences share any utilities, services, equipment, or the like ("**Shared Resources**") which fall under Owner's Maintenance Duties, and/or the Building, excluding the Residences but including without limitation the Retail Spaces, share any Shared Resources which fall under Manager's Maintenance Duties, then such Shared Costs shall be paid by Manager pursuant to Manager's Maintenance Duties on a pro-rata basis based on the proportion that the gross square footage of the Residences comprise of the Building, and by Owner pursuant to Owner's Maintenance Duties on a pro-rata basis based on the gross square footage of the Building excluding the Residences but expressly including the Retail Spaces.

7.7 Failure to Comply. Any failure by Owner or Manager to comply with this Section 7 shall be deemed a default of this Agreement and shall be governed pursuant to and in accordance with Section 11 below.

8. Insurance.

8.1 Owner's Insurance. Owner shall keep the Project insured in an amount equivalent to their full insurable replacement cost thereof against loss or damage by fire and such other risks as are customarily covered with respect to such property, including sprinkler leakage, windstorms, hail, explosions, vandalism, theft, malicious mischief, civil commotion and such other coverage capable of being covered by a standard coverage insurance policy. Owner shall additionally carry commercial general liability insurance covering the Project, which policy shall have a combined single limit of not less than One Million and no/100 Dollars (\$1,000,000.00), per occurrence, coverage on an occurrence basis, with a deductible of not more than Ten Thousand and no/100 Dollars (\$10,000.00) (collectively, "**Owner's Insurance**"). Such Owner's Insurance shall name Manager as an additional insured.

8.2 Manager's Insurance. Manager, at its sole cost and expense, shall keep any and all of Manager's inventory, equipment, furniture, fixtures and other personal property located in or used in connection with the Residences ("**Manager's Personal Property**") insured in an amount equivalent to the full insurable replacement cost against loss or damage by fire and such other risks as are customarily covered with respect to such property, including sprinkler leakage, windstorms, hail, explosions, vandalism, theft, malicious mischief, civil commotion and such other coverage capable of being covered by a standard coverage insurance policy. Manager may additionally, at Manager's option and, at its sole cost and expense, carry business interruption and extra expense insurance in a sufficient amount to protect Manager against any additional costs and lost income associated with interruption of its business from the Project for a period not less than one (1) year (collectively, "**Manager's Insurance**").

8.3 General Provisions. All policies required under Sections 8.1 and 8.2 shall be written by companies licensed in the state in which the Project is located; provided, however, that Manager is authorized to insure its property through the State of Idaho Self-Insured Risk Program. Each such policy shall be evidenced by a certificate of insurance issued by the insurance company issuing the policy. The certificate or certificates of insurance for the policy or policies to be provided under Section 8.1, together with a copy of the endorsement naming Manager as an additional insured under Owner's commercial general liability insurance, shall be promptly provided to Manager by Owner. The certificate or certificates of insurance for the policy or policies to be provided under Section 8.2 shall be promptly provided to Owner by Manager. Each certificate shall provide the policy with respect to which the certificate is issued, shall not be cancelled unless at least twenty (20) days prior written notice of cancellation shall have been mailed to the party to whom the certificate is to be provided.

8.4 Blanket Insurance Coverage. Nothing in this Section 8 shall prevent Owner from maintaining insurance of the kinds and in the amounts required by Section 8.1 under a blanket insurance policy or policies covering other properties owned or operated by Owner in addition to the Project; provided, however, that (a) each policy contains the various provisions and coverage amounts required by this Section 8, and (b) the certificate for such policy includes a statement from the insurer setting forth the coverage maintained and the amounts exclusively allocated to the Project.

8.5 Release and Waiver of Subrogation. Notwithstanding any other provision of this Agreement, Owner and Manager each hereby waives, releases and discharges the other, its agents and employees from all claims whatsoever arising out of loss, claim, expense, damage or destruction covered or coverable by insurance required by Sections 8.1 and 8.2 or covered by other casualty insurance it may carry (a “**Loss**”), notwithstanding that such Loss may have been caused by the other, its agents or employees. Owner and Manager each hereby agrees to look to its insurance coverage only upon such Loss. Owner's Insurance described in Section 8.1 shall contain a waiver of subrogation clause as to Manager. Manager's Insurance required by Section 8.2 shall contain a waiver of subrogation clause as to Owner.

9. Compliance with Laws.

9.1 Generally. As of the Delivery Date, Owner represents and warrants that the Project complies with all current laws, ordinances, orders, rules, regulations and requirements of all federal, state, municipal and other governmental bodies having jurisdiction over the Project as of the Commencement Date (“**Applicable Laws**”). Manager shall as of the date of the Delivery Date and throughout the Initial Term and any Renewal Term comply with any and all Applicable Laws, including without limitation any and all Applicable Laws with regard to the Residences and the Project generally, the Management Responsibility, Maintenance and Repair Obligations, Rental Agreements, and the Student Tenants and Residence Program.

9.2 Compliance with Hazardous Materials Laws. Manager shall comply with all federal, state and local laws, ordinances, codes, regulations, orders and decrees, as they now exist or are hereafter amended, including all policies, interpretations, guidelines, directions, or recommendations (“**Hazardous Materials Laws**”) relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, presence, release, disposal or transportation of any petroleum products, flammable explosives, asbestos, urea formaldehyde, polychlorinated biphenyls, radioactive materials or waste, or other hazardous, toxic, contaminating or polluting materials, substances or wastes, including any materials defined as “hazardous substances,” “hazardous wastes,” “hazardous materials” or “toxic substances” (collectively, “**Hazardous Materials**”) under any such Hazardous Materials Laws. For purposes of this Agreement, any reference to Applicable Laws shall include any and all Hazardous Materials Laws as applicable.

Manager shall manage the Residences pursuant to its Management Responsibility in a manner designed to prevent the release of any Hazardous Materials. If any release of any quantity of Hazardous Materials occurs in, on, under or about the Residences and/or the Project generally of which Manager is or becomes aware, Manager shall promptly notify all appropriate governmental agencies and Owner. Manager shall promptly and fully investigate, remediate and remove all such Hazardous Materials released by Manager, its employees, agents or invitees, in accordance with all applicable governmental requirements and shall restore the affected portions of the Residences and/or Project. Manager shall promptly provide Owner with copies of all reports, analyses and correspondence in Manager's possession relating to such release and the remediation thereof. Upon expiration or earlier termination of this Agreement, Manager shall cause all Hazardous Materials located in, on, under or about the Residences and/or Project as a result of the acts or omissions of Manager to be removed from the Project and transported for use, storage or disposal in compliance with all applicable Hazardous Materials Laws. Manager shall not take any remedial action in response to the presence of any Hazardous Materials in, on, about or under the Residences and/or the Project generally, nor enter into any settlement agreement, consent decree or other compromise with respect to any claims relating to the Residences and/or the Project generally without first notifying Owner of Manager's intention to do so and affording Owner ample opportunity to appear, intervene or otherwise protect Owner's interest with respect thereto. At the expiration or earlier termination of this Agreement, Manager shall remove all tanks or fixtures which were placed in the Residences (and the Project generally as and where applicable) by Manager during the term of this Agreement and which contain, have contained or are contaminated with, Hazardous Materials. Notwithstanding the foregoing, Manager shall not be financially responsible for any costs, including, but not limited to, remediation costs, resulting from the activities of Student Tenants, their guests or invitees, in the Project unless such costs also resulted from the negligence or willful misconduct of Manager, including, without limitation, Manager's duties, obligations and liabilities pursuant to the Management Responsibility and the Manager Maintenance Duties.

Manager shall notify Owner in writing immediately upon receiving notice of: (a) any enforcement, clean-up, removal or other governmental or regulatory action effecting the Residences instituted, completed or threatened pursuant to any Hazardous Materials Laws; (b) any claim made or threatened by any person against Manager, Owner or the Residences and the Project generally, relating to damage, contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Materials; and (c) any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in, on or about the Residences and the Project generally or with respect to any Hazardous Materials removed from the Residences and the Project generally. Manager shall also provide to Owner, as promptly as possible, and in any event within five (5) business days after Manager first receives or sends the same, copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Residences or Manager's use thereof. Upon written request of Owner, Manager shall promptly deliver to Owner copies of hazardous waste manifests, if Manager is required by applicable law to obtain such

manifests, reflecting the legal and proper disposal of all such Hazardous Materials removed or to be removed from the Residences and the Project generally. All such manifests shall list Manager or its agent as a responsible party and in no way shall attribute responsibility for any such Hazardous Materials to Owner.

9.3 Hazardous Materials Representation by Owner. Owner warrants to its actual knowledge, that except as disclosed in the environmental assessment prepared by Jim Kolva and Associates, dated November 10, 2005, and the Asbestos Survey of the Adams Building, 405 Main Street, Lewiston, Idaho prepared by EnviroScience, dated December, 2006 (the “**Environmental Assessments**”), which Environmental Assessments Manager hereby acknowledges that it has received and reviewed, that no hazard substance, toxic waste, or other substance has been produced, disposed of, or is or has been kept on the Project. Owner further warrants that to Owner’s actual knowledge, no items disclosed in the Environmental Assessments will subject the Manager to any damages, penalty, or other liability under any applicable local, state or federal law or regulation. Further, Owner represents to Manager that, to its actual knowledge, neither Owner nor any other person has caused the generation, storage or release of Hazardous Materials in, on, about or upon the Project (including but not limited to the Residences), except as disclosed in the Environmental Assessments, the Good Faith Survey and/or in accordance with Hazardous Materials Laws and prudent industry practices regarding construction of the Property (including, but not limited to, the Residences).

9.4 Hazardous Substances Indemnification. Manager shall defend and hold harmless Owner and Owner's officers, directors, partners, managers, members, employees, agents, successors and assigns against any and all claims, and shall pay all costs and expenses arising from all liabilities, damages, penalties, forfeitures, losses, obligations, investigation costs, remediation and removal costs, natural resource damages and expenses (including Attorneys' Fees) (collectively “**Damages**”) arising in whole or in part, directly or indirectly, from (a) the presence or release of Hazardous Materials, in, on, under, upon or from the Residences and the Project generally as a result of acts or omissions of Manager or its employees, agents or invitees; (b) the transportation or disposal of Hazardous Materials to or from the Residences and the Project generally by, at the request or with the permission of Manager, its employees, agents or invitees; (c) the violation of any Hazardous Materials Laws by Manager, its employees or agents; (d) the failure of Manager, its employees or agents to comply with the terms of this Section 9; or (e) the use, storage, generation or disposal of Hazardous Materials in, on or about the Residences and the Project generally by Manager or its employees, agents contractors, assignees, sublessees or invitees during the Initial Term and any Renewal Terms. Owner shall defend (with legal counsel reasonably acceptable to Manager) and hold harmless Manager, its officers, directors, employees, agents, successors and assigns against any and all Damages arising out of the presence or release of Hazardous Materials in, on or about the Residences and the Project generally released by Owner, its employees, agents, contractors or invitees (other than Manager) or resulting from any breach of the representation and warranty contained in Section 9.3 above. The parties recognize that neither party is indemnifying

the other for Damages arising out of acts of third parties not under either party's control. The respective rights and obligations of Owner and Manager under this Section 9 shall survive the expiration or earlier termination of this Agreement. Notwithstanding the foregoing, Manager shall have no indemnity obligations with respect to claims, costs or expenses resulting from the actions of Student Tenants, their guests or invitees in the Project, unless the matter giving rise to such claims, costs or expenses also results from the negligence or willful misconduct of Manager.

9.5 Discrimination. Owner assures and certifies that it will comply with all applicable provisions of the Americans with Disabilities Act of 1990 (42 U.S.C. §§ 12101-12213) and the Idaho State Law Against Discrimination, as well as the regulations adopted thereunder (collectively, the “**ADA Rules & Regulations**”). Owner, at Owner's expense, will provide that the Project complies with the minimum legal/regulatory requirements of the ADA Rules and Regulations at the time of acceptance by Manager and during the term of the Agreement. Manager shall have sole responsibility and liability for managing the placement of Student Tenants in rooms which are appropriate under ADA Rules and Regulations. Neither Owner nor Manager shall have any obligation to the other under this Agreement to make any part of the Project ADA-compliant outside the minimum legal/regulatory requirements, notwithstanding the fact that Manager may have more Student Tenants requiring such rooms than are available and/or that can be made available by relocating other Student Tenants.

10. General Liabilities.

10.1 Indemnity by Manager. Manager covenants and agrees to defend, indemnify and hold Owner, its agents, and employees harmless from and against all claims, losses, liabilities, damages, costs and expenses, including attorneys' fees and costs, arising out of or in connection with any breach of this Agreement, including but not limited to, (a) any breach of Manager's representation, warranties, covenants, obligations and duties under this Agreement, (b) any failure by Manager to comply with Applicable Laws, (c) any liabilities related to an Event of Default by Manager, and (d) any liabilities arising under Rental Agreements between Manager and Student tenants, including without limitation any liabilities arising as a result of Manager's removal and/or the termination of this Agreement by Owner; provided, however, that the indemnity obligations of Manager are subject to the limitations of liability contained in Idaho Code, Title 6, Chapter 9.

10.2 Indemnity by Owner. Owner covenants and agrees to defend, indemnify and hold Manager, its agents, and employees harmless from and against all claims, losses, liabilities, damages, costs and expenses, including attorneys' fees and costs, arising out of or in connection with any breach of this Agreement, including but not limited to, (a) any breach of Owner's representation, warranties, covenants, obligations and duties under this Agreement, (b) any failure by Owner to comply with Applicable Laws, and (c) any liabilities related to an Event of Default by Owner, provided, however, that the indemnity obligations of Owner are, by agreement of the

parties, subject to the same monetary limitations of liability contained in Idaho Code, Title 6, Chapter 9 which would apply if Owner was a governmental entity under the laws of the State of Idaho.

11. Defaults of Owner and Manager and Right to Cure.

11.1 Events of Default. The occurrence of any of the following constitutes an “**Event of Default**” or “**Manager Default**” by Manager under this Agreement:

(a) Manager fails to take possession of the Project on August 20, 2006, or such later date when the Project is Ready for Management as provided for in Section 1.2 of this Agreement;

(b) Manager fails to collect and remit to Owner the amounts due to Owner under this Agreement when due and such failure continues for five (5) days after Owner notifies Manager of Manager’s failure to pay such amounts when due;

(c) Manager fails to perform any of Manager’s non-monetary obligations under this Agreement and the failure continues for a period of thirty (30) days after Owner notifies Manager in writing of such failure; provided that if Manager cannot reasonably cure its failure within such thirty (30) day period, Manager’s failure shall not constitute an Event of Default if Manager commences to cure such failure within said thirty (30) day period and thereafter diligently pursues cure of the same;

(d) The existence at any time during the Initial Term and/or any Renewal Terms of any material misrepresentation, omission in any financial statements, correspondence or other information provided to Owner by or on behalf of Manager in regard to the following: (a) Manager’s leasing of Residences to Student Tenants or others; (b) any proposed or attempted Transfer; or (c) any consent or approval Manager requests under this Agreement; and

(e) Manager makes a general assignment or general arrangement for the benefit of creditors; or otherwise files a Petition, voluntarily or involuntarily for adjudication of bankruptcy or for reorganization or loses its accreditation with the State Board of Education for the state of Idaho.

11.2 Remedies. Upon the occurrence of any Event of Default and failure to cure as provided for in Section 12.1 above, at any time and from time to time, and without preventing Owner from exercising any other right or remedy, Owner may exercise any one or more of the following remedies:

(a) Owner may terminate this Agreement effective on the date Owner specifies in its written termination notice to Manager. In the event of such termination, unless otherwise assumed by Owner as provided below and subject to any required assumption under the provisions of Section 5.8, Manager shall, at its sole cost

and expense, cause the removal of all Student Tenants from the Project and shall deliver the same to Owner in good condition and repair, less reasonable wear and tear, not later than thirty (30) days from the date of Owner's notice of termination. Additionally, Owner may recover from Manager and Manager will pay to Owner on demand all damages Owner incurs by reason of Manager's default, including, any amount necessary to compensate Owner for all reasonable out-of-pocket costs and expenses incurred by Owner proximately caused by Manager's failure to perform its obligations under this Agreement including costs related to relocation. Except as specifically set forth in this section, nothing shall limit or prejudice Owner's right to prove and obtain damages in an amount equal to the maximum amount allowed by Applicable Law, regardless whether such damages are greater than the amounts set forth in this section. In addition to, and not subject to offset against, any of Owner's other rights to collect damages as provided for herein, whether or not Owner terminates this Agreement as provided for under these remedies, Owner may recover from Manager, and Manager will pay to Owner, on demand, any amounts due to Owner which Manager has failed to collect and remit to Owner as required hereunder, including without limitation any Rent Installments which arise and/or relate to any period following termination during which Student Tenants reside in the Project prior to removal by Manager as provided for herein. In addition to, and not subject to offset against, any of Owner's other rights to collect damages as provided for herein, whether or not Owner terminates this Agreement as provided for under these remedies, Owner may recover from Manager, and Manager will pay to Owner, on demand, any amounts due to Owner which Manager has failed to collect and remit to Owner as required hereunder

(b) Subject to the provisions of Section 5.8 requiring assumption by Owner and in addition to Owner's termination rights set forth above, Owner may elect to terminate this Agreement and assume some or all of the then-outstanding Rental Agreements in accordance with Section 5.8 herein. In the event Owner elects to assume some or all of the then-outstanding Rental Agreements or Owner is required to assume some or all of the outstanding Rental Agreements under the provisions of Section 5.8, Manager will immediately assign such Rental Agreements and surrender all management records to Owner (subject to Manager's right to retain copies of such records) and shall remit to Owner all tenant security deposits being held by Manager, and Manager shall have no further rights as Manager under this Agreement with respect to such Rental Agreements;

(c) Owner may perform any obligation on Manager's behalf which Manager has failed to perform, including Manager's obligations to remove Student Tenants following notice of termination, without waiving Owner's rights under this Agreement at law or in equity, and without releasing Manager from any obligation under this Agreement. The costs and expenses of Owner, including reasonable overhead and attorneys' fees, arising from or related to the performance of any such obligations of Manager shall be subject to reimbursement by Manager and otherwise expressly be included as part of any damages claims and/or right of recovery available to Owner under this Agreement or Applicable Law; or

(d) Exercise any other rights in law or equity under Applicable Laws, including remedies not explicitly provided for in this Agreement. Each remedy or right of Owner provided for in this Agreement will be cumulative and will be in addition to every other right or remedy provided for in this Agreement, or now or hereafter existing at law, in equity, by statute or otherwise. The exercise or the beginning of the exercise by Owner of any one or more of such rights or remedies will not preclude the simultaneous or later exercise by Owner of any or all other rights or remedies.

11.3 Owner Default. If the Owner defaults in the performance of any of its obligations under this Agreement, (a default includes failure to perform any of the required obligations of this contract and/or material misrepresentation or omission in any financial statement, correspondence or other information provided to Manager by or on behalf of Owner in connection with Owner's performance of this Agreement and any material misrepresentation made by Owner in this Agreement), which default continues for a period of more than five (5) days after receipt of written notice from Manager specifying such default if the default is the failure to make a payment to Manager when due or more than thirty (30) days after receipt of written notice from Manager specifying such default in the case of any other default, except that if the default requires more than thirty (30) days for remedy, then if Owner fails to commence curing such default within the thirty (30) day period or fails to thereafter diligently continue curing such default until completion, then Manager may elect one or more of the following remedies.

(a) Manager may terminate this Agreement effective on the date Manager specifies in its written termination notice to Owner. If Manager terminates this Agreement, Manager may recover from Owner and Owner will pay to Manager on demand all damages Manager incurs by reason of Owner's default, including, any amount necessary to compensate Manager for all reasonable out-of-pocket costs and expenses incurred by Manager proximately caused Manager by Owner's failure to perform its obligations under this Agreement including costs related to relocation of Student Tenants. Except as specifically set forth in this Section, nothing in this Section limits or prejudices Manager's right to prove and obtain damages in an amount equal to the maximum amount allowed by the Laws, regardless whether such damages are greater than the amounts set forth in this Section. Manager may perform any obligation on Owner's behalf which Owner has failed to perform, without waiving Manager's rights under this Agreement, at law or in equity and without releasing Owner from any obligation under this Agreement.

(b) Except as specifically set forth in this Section, if the Owner breaches any of the provisions of this Agreement, Manager will be entitled to enjoin such breach and will have the right to invoke any right or remedy allowed at law, in equity, by statute or otherwise including summary proceedings and other remedies not provided for in this Agreement. Each remedy or right of Manager provided for in this Agreement will be cumulative and will be in addition to every other right or remedy provided for in this Agreement, or now or hereafter existing at law, in equity by statute or otherwise. The exercise or the beginning of the exercise by Manager of any one or more of such rights or remedies will not preclude the simultaneous or later exercise by

Manager of any or all other rights or remedies, at its option and may incur any reasonable expense necessary to perform the obligation of the Owner and thereafter be reimbursed by Owner for all such costs and expenses incurred by Manager plus interest at the Agreed Rate, which shall be payable as a cash payment to Manager or in the alternative Manager may offset Owner's obligation by an appropriate reduction in the amounts next coming due from Manager to Owner under this Agreement.

Owner will reimburse and compensate Manager on demand for any costs, fees and expenses Manager incurs in connection with, resulting from or related to an Event for Default and Manager's exercise of any or all default remedies as provided for herein, and regardless whether suit is commenced or judgment is entered. Such loss includes all reasonable Attorneys' Fees (as defined below) which Manager incurs investigating, negotiating, settling or enforcing any of Manager's rights or remedies or otherwise protecting Manager's interests under this Agreement. In addition to the foregoing, Manager is entitled to reimbursement of all of Manager's fees, expenses and damages, including reasonable Attorneys' Fees Manager incurs in connection with protecting its interest in any bankruptcy or insolvency proceeding involving Owner, including any proceeding under any chapter of the Bankruptcy Code; by asserting or defending a claim; by defending a preference or fraudulent transfer action; by exercising and advocating rights under Section 365 of the Bankruptcy Code; by proposing a plan of reorganization and objecting to competing plans; and by filing motions for relief from stay. Such fees and expenses are payable on demand, or, in any event, upon assumption or rejection of this Agreement in bankruptcy.

11.4 Mitigation of Damages. Either party agrees to use its best reasonable efforts to mitigate its damages in connection with any damage claim it may have against the other arising out of or in connection with this Agreement.

12. Insolvency. [Deletion to be confirmed]

13. Damage and Destruction.

13.1 Repair Obligations. Other than a Casualty (as defined below) caused by the negligence or willful misconduct of Manager pursuant to its covenants, obligations and duties pursuant to this Agreement or otherwise, and subject to the terms of Section 13.2, in the event the Residences or any portion thereof is damaged by fire or other casualty (a "**Casualty**"), for which Owner is carrying or required by this Agreement to carry insurance, Owner shall repair such damage at its expense. In the event of a Casualty, Rent Installments shall be suspended or abated to the extent and for the period the Project is rendered uninhabitable for the Permitted Use and until such time that the Project has been restored to the condition immediately prior to such damage or destruction, which such condition shall render the Project Ready for Management as contemplated under this Agreement. If the Casualty is an insured loss or a loss required to be insured under the provisions of this Agreement, as long as Owner is diligently pursuing collection of the insurance proceeds, repair shall commence upon receipt of the proceeds, provided that, in any case, the repair shall commence as soon

as reasonably possible after the event of damage, but in no event, subject to Force Majeure, later than one-hundred-twenty (120) days after the damage. Owner shall not be obligated to repair Manager's personal property, equipment or improvements installed by Manager or any personal property of any Student Tenants. Notwithstanding anything to the contrary contained herein, Owner's obligation to repair under this Section 13.1 shall be limited to the extent of the insurance proceeds available to Owner for such restoration. Additionally, in the event that any Casualty comprises more than fifty percent (50%) of the Project, then Owner, in its sole discretion, may terminate this Agreement forthwith by providing Manager with written notice of its intention to terminate within thirty (30) days after the date of the Casualty. In the event of a Casualty, Manager agrees that it will proceed with reasonable diligence at its sole cost to rebuild, repair and/or replace its signs, fixtures and equipment.

13.2 Termination Rights. If any damage or destruction to the Project cannot in Owner's reasonable judgment be repaired within one-hundred-eighty (180) days following the date of damage, Owner shall give Manager written notice thereof within thirty (30) days after the date of damage, and either Manager or Owner may terminate this Agreement by delivering written notice to the other within thirty (30) days after the date Manager receives Owner's notice. If (a) the cost to repair any damage to the Project exceeds fifty percent (50%) of the insurable replacement cost of the Project, or (b) a portion of the damage is uninsurable through the insurance policies required under this Agreement, or if the amount of insurance available to Owner is inadequate to restore the Project and Owner's FF&E to substantially their condition prior to the Casualty and Owner elects not to restore, then Owner shall give Manager written notice of the Owner's election within thirty (30) days after the date of such damage or destruction and thereafter either party shall have the right to terminate this Agreement by written notice to the other party given within sixty (60) days after the date Manager receives such notice of Owner's election not to repair such damage. If the cost to repair damage to the Project that occurs during the last twenty-four (24) months of the Initial Term or any Renewal Term exceeds thirty percent (30%) of the insurable replacement cost of the Project, either party shall have the option to terminate this Agreement by giving written notice to the other party within sixty (60) days after the date of damage, unless Manager exercises an available Renewal Term option within ten (10) business days after receiving Owner's notice. If this Agreement terminates pursuant to this Section 13, Rent Installments shall be prorated as of the date of damage. Manager shall collect and remit to Owner the rent owed by Student Tenants to said date and Owner shall remit to Manager for payment to Student Tenants and Rent Installments which Owner has received for any period after said date.

14. Condemnation.

14.1 General Rights Upon Condemnation. If all or any portion of the Project are taken under the power of eminent domain exercised by any governmental or quasi-governmental authority (a "**Condemning Authority**"), or are conveyed in lieu thereof (a "**Condemnation**"), this Agreement shall automatically terminate as to the portion condemned as of the date that possession and use are transferred to the

Condemning Authority (“**Condemnation Date**”). The Owner shall have the exclusive right to grant possession and use to the Condemning Authority. Owner shall give Manager written notice (a “**Condemnation Notice**”) specifying the extent of the taking and the anticipated Condemnation Date promptly after it receives such information. If more than thirty percent (30%) of the Project or more than thirty percent (30%) of the Residence Units are taken by Condemnation, or if as a result of Condemnation, Manager's access to the Project is terminated or materially and substantially interfered with, then in any of such cases Owner shall have the right to terminate this Agreement by giving written notice to Manager within sixty (60) days after the date of the Condemnation Notice. If more than thirty percent (30%) of the Building is taken by Condemnation and Owner elects not to repair, restore, alter or reconstruct the same, either party may elect to terminate this Agreement by giving written notice within sixty (60) days after the date of the Condemnation Notice. Any such termination shall be effective as of the Condemnation Date. If this Agreement is terminated pursuant to this Section 14.1, Owner and Manager shall be released from any liability arising after the termination date, but all Rent Installments and all other amounts payable under this Agreement shall be prorated and paid or remitted as of the termination date in the same manner as Rent Installments are to be prorated and paid or remitted under Section 13.2. If this Agreement is not terminated as provided for hereunder, Rent Installments, and all other amounts payable under this Agreement shall be reduced pro-rata based upon the percentage of the Project's net rentable floor area condemned, or if no floor area of the Project is taken, then the reduction shall be an equitable reduction reflecting the degree to which the Manager has been adversely affected by the taking. Owner shall make such repairs and alterations necessary to restore the portion of the Project not condemned to a condition reasonably satisfactory for Manager's use; provided that (i) at least three (3) years of the Initial Term or any Renewal Term remain, and (ii) that Owner's obligation shall be limited to the amount of the Condemnation Award (as defined below) available therefor after deducting all costs of obtaining the Condemnation Award. Within sixty (60) days after the amount of the Condemnation Award available for restoration is known, Owner shall give Manager reasonable notice of the repairs and alterations Owner anticipates making to restore the portion of the Project not condemned. If Manager reasonably determines that the anticipated repairs and alterations are insufficient to restore such portion of the Project to a condition reasonably satisfactory for Manager's use, Manager shall have the right to terminate this Agreement by giving notice to Owner within ten (10) days after receiving Owner's notice describing the repairs and alterations.

14.2 Award. Owner shall be entitled to receive the entire award in any Condemnation (“**Condemnation Award**”), including any award for the value of any unexpired portion of the Term of this Agreement. Manager shall have a right to claim and recover from the Condemning Authority, but not from Owner, such compensation as may be separately recoverable by Manager. Manager shall be entitled to claim an award in a condemnation proceeding for any loss resulting from loss of housing contracts with students, Manager's relocation expenses and/or the taking of Manager's personal property, to the extent such claims are recoverable.

15. Assignment and Subletting.

15.1 Restriction on Transfer. Manager shall not sublet all or any portion of the Project, and not assign, mortgage, pledge or otherwise encumber or transfer this Agreement, or any interest herein, or in any manner assign, mortgage, pledge, or otherwise encumber or transfer its interest or estate in all or any portion of the Project (each a “**Transfer**”), and each such party a (“**Transferee**”) without obtaining Owner’s prior written consent in each and every instance, which consent shall be in Owner’s sole discretion to condition, grant or deny, specifically including Owner’s right to condition its consent upon Manager agreeing to remain liable to Owner under the terms of this Agreement. This preclusion, however, shall not apply to Manager merging with or otherwise becoming a part of any other institution for higher education.

15.2 Transfer Requirements. In the event Owner consents to a Transfer by Manager as contemplated in Section 15.1 above, such Transfer shall, at a minimum, comply with the following requirements:

(a) Any Transfer shall operate to transfer to the Transferee all of Manager’s right, title and interest in this Agreement and all of Manager’s estate or interest in the Project. Manager shall remain liable to Owner for all obligations under this Agreement, notwithstanding any Transfer of this Agreement.

(b) Any Transferee shall assume, by written, recordable instrument, all of Manager’s obligations under this Agreement arising and related to a period subsequent to the date of Transfer. Such assumption agreement shall state that the same is made by the Transferee for the express benefit of Owner as a third party beneficiary. A copy of the agreement evidencing the Transfer, in a form and content satisfactory to Owner, fully executed and acknowledged by Transferee, together with a certified copy of a properly executed corporate resolution (if the Transferee is a corporation) authorizing the execution and delivery of such Transfer agreement, shall be sent to Owner at least ten (10) days prior the effective date of the Transfer.

(c) Any Transfer shall be subject to all the provisions, covenants and conditions of this Agreement. Manager and any Transferee shall remain liable for all obligations under this Agreement, as it may be amended from time to time, without notice to the Transferee.

(d) Manager shall reimburse Owner for any and all reasonable costs incurred by Owner, including reasonable Attorneys’ Fees paid or payable to outside counsel, occasioned by such Transfer.

15.3 Restriction From Further Assignment. Notwithstanding any consent by Owner to any Transfer, no Transferee shall Transfer all or any portion of the Project, and no assignee shall further assign its interest in this Agreement or its interest or estate in all or any portion of the Project, or lease all or any portion of the Project, without Owner’s prior written consent in each and every instance.

16. Signs.

16.1 Proprietary Marks.

16.1.1 Owner Marks. Subject to Section 16.2 below, Manager will operate the Project under the Owner's proprietary marks ("**Owner's Marks**"), which such Owner Marks shall be used in any Advertising (as defined below) by Manager. For the purposes of this Agreement, Owner hereby grants Manager a temporary, non-exclusive, royalty-free, fully paid-up Renewal Extended Terms. Any violation of this license by Manager shall be deemed to be an Event of Default.

16.1.2 Manager Marks. For purposes of Advertising the Project, Manager hereby grants Owner a temporary, non-exclusive, royalty-free, fully paid-up license to use the Manager's proprietary marks ("**Manager's Marks**," and together with the Owner Marks, the "**Marks**") in accordance with the terms and conditions of this Agreement during the Initial Term and any Renewal Terms.

16.1.3 Protection of Marks. The parties hereto acknowledge and agree that protection of the Owner Marks and Manager Marks is important; accordingly Owner and Manager shall immediately notify the other party of any infringement or dilution of or challenge to the use of the respective Marks granted hereunder, and will not, absent a court order or the other party's prior written consent, communicate with any person regarding any such infringement, dilution, challenge or claim. The parties covenant to cooperate to the fullest extent possible in any action taken by a party to protect and/or defend their respective Mark from any such infringement, dilution, challenge or claim.

16.2 Co-Branding. Owner and Manager shall each be permitted to advertise and promote the Residences strictly in accordance with the following:

16.2.1 Owner Obligations. Except in connection with the Retail Spaces, Owner shall, during the Initial Term and any Renewal Terms, prominently reference the Manager Marks in any advertisements, promotional materials, web sites, etc. ("**Advertising**") undertaken by Owner with regard to the Project and the Residences.

16.2.2 Manager Obligations. During the Initial Term and any Renewal Terms, Manager shall prominently reference the Owner Marks in any Advertising, including without limitation any materials associated with the Residence Program.

16.3 Signage.

Manager may, at its sole cost, erect signs on the interior or the exterior of the Project Building, provided that such sign or signs (a) do not cause any structural or

other damage to the Project Building; (b) do not violate applicable governmental laws, ordinances, rules or regulations; (c) do not violate any existing restrictions affecting the Project; and (d) are approved in advance by Owner in accordance with Owner's signage criteria attached hereto as Exhibit I and incorporated herein by this reference ("**Signage Criteria**"). Manager, upon vacating the Residences and the Project generally or removing or altering its signs for any reason, shall repair, paint and/or replace the Building surfaces where its signs were attached. Manager shall not disturb signs placed by Owner on or in any part of the Building.

17. Miscellaneous Provisions.

17.1 Access to Residences.

17.1.1 Manager Access. For purposes of the Management Responsibility, Manager shall have free access to the Project twenty-four (24) hours per day, seven (7) days per week basis. Owner and its authorized representatives shall have the right at any and all times to enter any part of the Project for the purpose of inspecting the same, making any necessary changes or modifications to Building systems, making any repairs required or permitted by the terms of this Agreement or conducting any reasonable test or environmental audit of the Project or Manager's operation or use of the Project to determine Manager's compliance with this Agreement. The provisions of this Section 17.1.2 shall not be construed to impose upon Owner any obligations not otherwise explicitly provided for in this Agreement. Notwithstanding the foregoing, in the event Owner desires to enter any of the Residences pursuant to this Section 17.1.1, Owner shall provide Manager with notice of the same and Manager shall within three (3) business days provide notice to the Student Tenants residing in the applicable Residences of Owner's intended entry thereon. In the event any consent is required to be obtained from any Student Tenants pursuant to Owner's entry into any of the Residence, Manager shall obtain such necessary consents of the Student Tenants within not more than an additional three (3) business days. The consent requirement set out above shall not apply in the case of an emergency when Owner's immediate entry is reasonably necessary to prevent damage to deterioration of the Project. In the event of any Owner entry into the Residences, Owner shall at all times be accompanied by a representative of Manager. Owner may, during the progress of any such work in the Project and/or Property, take all material in, to and upon said Project and/or Property that may be required therefore, and store any necessary materials, tools and equipment at the Project and/or Property, without the same constituting an eviction of Manager or any Student Tenants in whole or in part (and any and all Rent Installments reserved shall not abate pursuant to exercise of any of Owner's rights hereunder, including but not limited to any loss or interruption of Manager's business or otherwise and Manager shall have no claim for damages); provided that such storage is done in a safe and secure manner and does not otherwise unreasonably interfere in any material respect with Manager's and the Permitted Use by Student Tenant's of the Project. Owner shall not be liable for, and the obligations of Manager shall not be affected by, inconvenience, disturbance, loss of business or other damage caused by Owner in connection therewith, provided that Owner makes reasonable efforts to avoid interfering

with the conduct of Manager's business, except to the extent caused by Owner's negligence or willful misconduct. The provisions of this Section 17.1, and any other provisions in this Agreement that require Owner notice to Student Tenant and/or mandate Student Tenant consent to Owner's entry shall be included as provisions of the Rental Agreement.

17.1.2 Exhibition of Residences. Owner shall have the right during normal business hours at any time during the Initial Term and any Renewal Term, following reasonable notice as defined in Section 17.1, to enter the Project for the purpose of exhibiting the same for any purpose in Owner's reasonable discretion.

17.3 Estoppel Certificates. Owner and Manager shall, each without charge at any time and from time to time, within ten (10) business days after written request by the other party, execute and deliver to the requesting party or any person whom the requesting party may designate, an estoppel certificate certifying: (a) that each of the terms of this Agreement is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect, as modified, and stating the modifications); (b) the dates to which the Rent Installments have been paid in advance; (c) whether or not there are then existing any breaches or defaults by such party or the other party known by such party and specifying such breach or default, if any; (d) whether or not there are then any setoffs or defenses against the enforcement of any term of this Agreement (and, if so, specifying the same and the steps being taken to remedy the same); and (e) such other statements or certificates as Owner, Manager or any Mortgagee may reasonably request. It is the intention of the parties that any statement delivered pursuant to this Section 17.3 may be relied upon by any persons dealing with Owner, Manager or the Residences.

17.4 Notices. All notices, demands and requests which may be or are required to be given by either party to the other shall be in writing and shall be sent by United States certified mail, postage prepaid, or by a nationally recognized independent overnight courier service, addressed to Owner at 9 South Washington Street, Suite 600, Spokane, Washington 99201 with a copy to Shaun A. Gill, Cairncross & Hempelmann, P.S., 524 Second Avenue, Suite 500, Seattle, WA 98104, and addressed to Lewis-Clark State College, 500 8th Avenue, Lewiston, Idaho, 83501, Attention Vice-President for Administrative Services, with a copy to attorney, Robert Brown, 321 13th Street, Lewiston, Idaho, 83501, and any other address which is not a post office box as either party may from time to time designate by written notice to the other. Any notice, demand or request which is given as described shall be deemed to be given on the business day following the date it is delivered to a courier or three (3) days after it is deposited in the United States mail.

17.5 Annual Statements. Upon request by Owner, Manager shall promptly deliver to Owner a copy of Manager's rent roll (which shall not identify the residents by name consistent with the Family Educational Right and Privacy Act, 20 U.S.C. 1232g) and other information related to the operation of the Project and the Building. Such records may contain confidential or proprietary information and shall

only be used by the Owner to communicate the current financial status of the Project and/or Property and shall, except as follows, be kept confidential by the Owner. Owner may further disclose such financial statement(s) to its mortgage lender (or potential lender), accountants or other financial advisors or analysts, or any potential purchaser of the Project, provided that they have also agreed to the foregoing limit on use and confidentiality.

17.6 Owner's Continuing Obligations. The term “Owner,” as used in this Agreement so far as obligations on the part of Owner are concerned, shall mean only the Owner or Owners of fee title to the Property at the time in question, and upon any transfer, the then grantor shall, subject to the conditions set forth below, be automatically freed and relieved after the date of such transfer of all liability for the performance of any obligation on the part of the Owner contained in this Agreement thereafter to be performed. As conditions precedent to the foregoing relief from liability: (i) any funds in the hands of such Owner or the then grantor at the time of such transfer, in which Manager has an interest, shall be turned over to the grantee; (ii) any amount then due and payable to Manager by Owner or the then grantor under any provision of this Agreement shall be paid to Manager; and (iii) the grantee shall agree, in writing, for the benefit of Manager that it will assume, pay and perform all payments, terms, covenants and conditions of Owner under this Agreement. The Owner’s obligations contained in this Agreement shall, subject to the aforesaid, be binding on Owner’s successors and assigns, during and in respect of their respective successive periods of ownership. Nothing herein contained shall be construed as relieving Owner of any of its obligations under this Agreement, or releasing Owner from any obligation to complete the cure of any breach by Owner during the period of its ownership of the Project.

17.7 Intentionally Deleted.

17.8 Severability. If any covenant, condition, provision, term or agreement of this Agreement shall, to any extent, be held invalid or unenforceable, the remaining covenants, conditions, provisions, terms and agreements of this Agreement shall not be affected thereby, but each covenant, condition, provision, term or agreement of this Agreement shall be valid and in force to the fullest extent permitted by law.

17.9 Successors and Assigns. Subject to provisions of this Agreement limiting assignment or sublease by Manager, the covenants contained in this Agreement shall bind and inure to the benefit of Owner, its successors and assigns, and Manager and its permitted successors and assigns.

17.10 Relationship of Parties. This Agreement creates the relationship of principal and agent and is not expressly or impliedly intended to create any partnership, joint venture, association or any other relationship between Owner and Manager.

17.11 Prior Agreements. This Agreement, together with the attached exhibits and the written agreements concurrently or hereafter executed and/or delivered pursuant to or in connection with this Agreement, embody the entire agreement between the parties relating to the subject matter hereof, and supersede all prior agreements and understandings between the Owner and Manager, if any, relating to the subject matter hereof. Manager acknowledges that neither Owner nor any agent of Owner has made any representation or warranty not contained in this Agreement with respect to the Residences and the Project generally, the Building or the suitability or fitness of either for the conduct of Manager's business or operations or for any other purpose.

17.12 No Waiver. No failure by Owner or by Manager to insist upon the performance of any of the terms of this Agreement or to exercise any right or remedy available for a breach thereof, and no acceptance by Owner of full or partial rent from Manager or any third party during the continuance of any such breach, shall constitute a waiver of any such breach or of any of the terms of this Agreement. None of the terms of this Agreement to be kept, observed or performed by Owner or by Manager, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by the waiving party. No express waiver shall waive any default other than the default specified in the express waiver. An express waiver waives the specified default only for the time and to the extent therein stated.

17.13 Owner's Liability Limited. Manager recognizes that Owner is a limited liability company. Manager expressly agrees, anything herein to the contrary notwithstanding, that each and all of the representations and agreements made by Owner are intended to bind only Owner's interest in the Project, and the rents and profits therefrom. No personal liability or personal responsibility is assumed by, nor shall at any time be asserted or enforced against, any of the members, managers, shareholders, partners, directors, officers, employees or agents of Owner on account of any agreements of Owner contained in this Agreement.

17.14 Intentionally Deleted.

17.15 Force Majeure. Whenever a period of time is herein prescribed for action to be taken by either party, said party shall not be liable or responsible for, and there shall be excluded from the computation of any such period of time, any delays due to ("**Force Majeure**"): strikes, riots, terrorist acts, acts of God, delay caused by the failure of a governmental agency to issue a building or occupancy permit despite diligent pursuit thereof, shortages of labor or materials because of priority or similar regulations or order of any governmental or regulatory body, war, or any other causes of any kind which are beyond the reasonable control of said party. Lack of funds or inability to obtain financing shall not be an event of Force Majeure.

17.16 Survival. All obligations (together with interest on monetary obligations at the Agreed Rate) accruing before expiration of the Initial Term or any Renewal Terms shall survive the expiration or other termination of this Agreement.

Additionally, Section 4.1 (Manager's Compensation), Section 9 (Compliance with Laws), and Section 10 (General Liabilities), will survive the expiration or other termination of this Agreement.

17.17 Quiet Enjoyment. Owner agrees that to its actual knowledge it is the fee simple owner and record title holder of all of the Project; that it has the full right, power and authority to execute this Agreement; that Manager, upon paying the Rent Installments and keeping all of the covenants of this Agreement, shall have the right (and all sublessees and all other permitted transferees shall have the right) to lawfully and quietly hold, occupy, and enjoy the Project during the Initial Term or any Renewal Terms without any interference from Owner or anyone claiming by, from or under Owner.

17.18 Brokers; Agency Disclosure. Owner and Manager each represent to the other that it has not been represented by any brokers or finders in connection with this Agreement. Owner and Manager shall each defend and hold harmless the other against all claims of brokers, finders or any like third party claiming any right to a commission or compensation in connection with this Agreement by or through the acts of that party, to the extent permitted by law.

17.19 Governing Law. This Agreement shall be governed by the laws of the state of Idaho.

17.20 Construction. Words and phrases used in the singular shall be deemed to include the plural and vice versa. Nouns and pronouns used in any particular gender shall be deemed to include any other gender. When the word "including" is used in this Agreement, it shall mean "including, but not limited to." Whenever words such as "herein," "hereunder," etc., are used in this Agreement, they shall mean and refer to this Agreement in its entirety and not to any specific section, paragraph or other part of this Agreement. The word "person" includes any natural person, corporation, firm, partnership, limited partnership, limited liability company, trust, estate, unincorporated organization, or other legal or business entity, however designated or constituted. "Business day" means days when national banks are open in Lewiston, Idaho. The caption of each section of this Agreement is for convenience of reference only, and in no way defines, limits or describes the scope or intent of such section.

17.21 Time Is of the Essence. Time is of the essence with respect to the performance of every provision of this Agreement in which time of performance is a factor.

17.22 No Oral Amendments. This Agreement may be modified or amended only by an agreement in writing signed by the parties hereto. No receipt of money by Owner from Manager or any other person after termination of this Agreement, the service of any notice, the commencement of any suit or final judgment for possession of the Residences and the Project generally, shall reinstate, continue or

extend the Term of this Agreement, affect any such notice, demand or suit, or imply consent for any action for which Owner's consent is required, unless specifically agreed to in writing by Owner. Any amounts received by Owner may be allocated to any specific amounts due from Manager to Owner as Owner determines.

17.23 Exhibits. All exhibits now or hereafter attached to this Agreement are incorporated into this Agreement in full by this reference. Each party agrees to perform any obligations to be performed by it pursuant to the provisions of all such exhibits.

17.24 Recording. Neither party shall record this Agreement. Promptly after request of either party, the parties hereto will execute and deliver to each other a memorandum of Agreement, in recordable form, setting forth (a) the date of this Agreement; (b) the parties to this Agreement; (c) the Commencement Date and Expiration Date of the Initial Term; and (d) such other matters as are reasonably requested by either party to be stated therein. Either party may then record the memorandum of Agreement.

17.25 Limitation on Right of Offset. Except as herein provided, neither party shall have the right to offset and shall not reduce any amount owing to the other party under this Agreement, notwithstanding the existence of a bona-fide dispute between Owner and Manager, except that, if a party ("**Delinquent Party**") fails to pay any amount owing to the other party ("**Non-Delinquent Party**") on or before its due date on at least two occasions during any twelve (12) month period and the Non-Delinquent Party gives written notice after the second delinquency that it intends to exercise its right of offset, then, for a period of twelve (12) months following the second delinquency, any restrictions against offset contained in this Agreement shall not apply to Non-Delinquent Party and the Non-Delinquent Party may exercise against the Delinquent Party all rights of offset available at law or equity.

17.26 Manager's Furniture and Equipment. Only Owner and/or Manager shall have the right to transport into and maintain in the Residences furniture and equipment, whether owned or leased by Owner and/or Manager. Manager hereby covenants to include any and all relevant provisions in the Rental Agreement to effect the provisions of this Section 17.26. This section does not apply to the items of furniture and equipment described on Exhibit J.

17.27 Public Records. Owner and Manager acknowledge that all records, including but not limited to, design, construction, and Agreement documents will constitute public records. The Owner shall provide the Manager with a copy of all documents related to the design, construction and management of the Project.

17.28 Rules and Regulations. Manager shall perform, observe and comply with all reasonable nondiscriminatory rules and regulations established by Owner for the Residences and the Project generally from time to time.

17.29 Reserved.

17.30 Attorneys' Fees. If either party brings any lawsuit or arbitration proceeding to enforce or declare any rights under this agreement, including any appeal thereof, the party deemed as the prevailing party by the court or arbitrator hearing the matter shall be entitled to collect from the other party reasonable “**Attorney’s Fees**”. The Attorney’s Fees award shall not be computed in accordance with any court schedule, but shall be such to fully reimburse all Attorney's Fees reasonably incurred by the prevailing party.

18. Building Names.

Owner shall have the exclusive right, in its sole discretion and from time to time, to name the Building and any part of the Residences and the Project generally, which such names shall be included in the Owner Marks.

19. Authority of Manager.

Manager warrants that execution of this Agreement by Manager has been duly authorized by Manager’s board of trustees; and no further action, approval, legislative action or approval, or administrative action or approval, or any other action or approval of any kind, is necessary on the part of any branch or agency of the State of Idaho or on the part of Manager, to make this Agreement fully and completely binding upon Manager in accordance with its terms. If Manager does not have authority to enter into this Agreement in accordance with its terms, Manager shall be liable to Owner for all costs and damages arising from such breach of warranty and lack of authority described in this Section 19, and Owner shall have all remedies available to it as described for a Manager Event of Default as described in Section 11 of this Agreement.

20. Future Modifications.

This Agreement represents a new relationship between the parties and both parties recognize that mutually agreeable future modifications of some of its provisions because of unanticipated conditions, events or results, may be beneficial to both parties. Therefore, if a party believes that a provision of this Agreement should be modified, it will notify the other party of the proposed modification and the reason for that change. The parties will then discuss and consider the proposed modification in an effort to arrive at a mutually agreeable solution. However, unless and until the parties both execute a properly authorized and executed written amendment to this Agreement, nothing herein contained shall preclude a party from exercising all rights and remedies granted to that party under this Agreement, as validly amended, particularly including, but not limited to, the right to terminate this Agreement as provided herein.

21. Termination for Failure of Appropriations.

Owner understands that Manager and State of Idaho are governmental entities. Therefore, to the extent, if any, that Manager’s obligations hereunder are payable from

appropriated funds, this Agreement shall in no way or manner be construed so as to bind or obligate the Manager or the State of Idaho beyond the term of any particular appropriation of funds by the State's Legislature as may exist from time to time. The Manager and State each reserves the right to terminate this Agreement in whole or in part if, in its sole judgment, the Legislature of the State of Idaho fails, neglects, or refuses to appropriate sufficient funds as may be required for the Manager or State to continue such payments, or requires any return or "give-back" of funds required for the Manager to continue payments, or if the Executive Branch mandates any cuts or holdbacks in spending which results in insufficient funds. All affected future rights and liabilities of the parties hereto shall thereupon cease within ten (10) calendar days after notice to the Owner.

22. State Board Approval. This Agreement is subject to approval by the Idaho State Board of Education and shall not be effective or binding upon either of the parties until such approval is given. Once the necessary approval is given, this Agreement shall be effective from and after its Effective Date.

23. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which counterparts shall together constitute a single agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed as of the day and year first above written.

OWNER:

COLLEGE TOWN DEVELOPMENT IDAHO LLC,
a Washington limited liability company

By: COLLEGE TOWN HOUSING MANAGEMENT
LLC, a Washington limited liability company
Its: Managing Member

By: _____
Robert C. Brewster, Manager/Member

MANAGER:

OF

STATE OF IDAHO, ACTING BY AND THROUGH THE
STATE OF IDAHO BOARD OF EDUCATION AS BOARD
TRUSTEES FOR LEWIS-CLARK STATE COLLEGE

By: _____
Chet G. Herbst, Vice President
for Administrative Services
Lewis-Clark State College

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that **Robert C. Brewster, Jr.** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the manager/member of COLLEGE TOWN HOUSING MANAGEMENT LLC, a Washington limited liability company, managing member of COLLEGE TOWN DEVELOPMENT IDAHO LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, 2006.

(Signature of Notary Public)

(Printed Name of Notary Public)
My Appointment expires _____

STATE OF IDAHO)
) ss.
COUNTY OF NEZ PERCE)

On this _____ day of _____ 2006, before me, the undersigned, a Notary Public in and for the State of Idaho, duly commissioned and sworn, personally appeared, CHET G. HERBST, known to me to be the Vice-President for Administrative Services of Lewis-Clark State College, whose name is subscribed to foregoing agreement and acknowledged to me that he 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 seal the day and year first above written.

(Signature of Notary Public)

(Printed Name of Notary Public)
My Appointment expires _____

**EXHIBIT A
LEGAL DESCRIPTION**

SITUATE IN NEZ PERCE COUNTY, STATE OF IDAHO TO WIT:

The East part of Lot 2, Block 29, of the City of Lewiston, according to the recorded official plat thereof now on file in the office of the County Recorder of Nez Perce County, Idaho, described as follows:

Commencing at a point on the South line of "E" Street, at the Northeast corner of said Lot 2, Block 29; thence West on the South line of "E" Street a distance of 28 feet; thence Southerly parallel with and 28 feet from the East line of Lot 2, Block 29, of said City of Lewiston, to the North line of Lot 4, of Acres known as Thatcher place; thence Easterly on the said North line of Lot 4 of Acres of said City of Lewiston to the Southeast corner of said Lot 2, Block 29 of said City of Lewiston; thence North on said East line of said Lot 2, Block 29, to the PLACE OF BEGINNING.

AND ALSO:

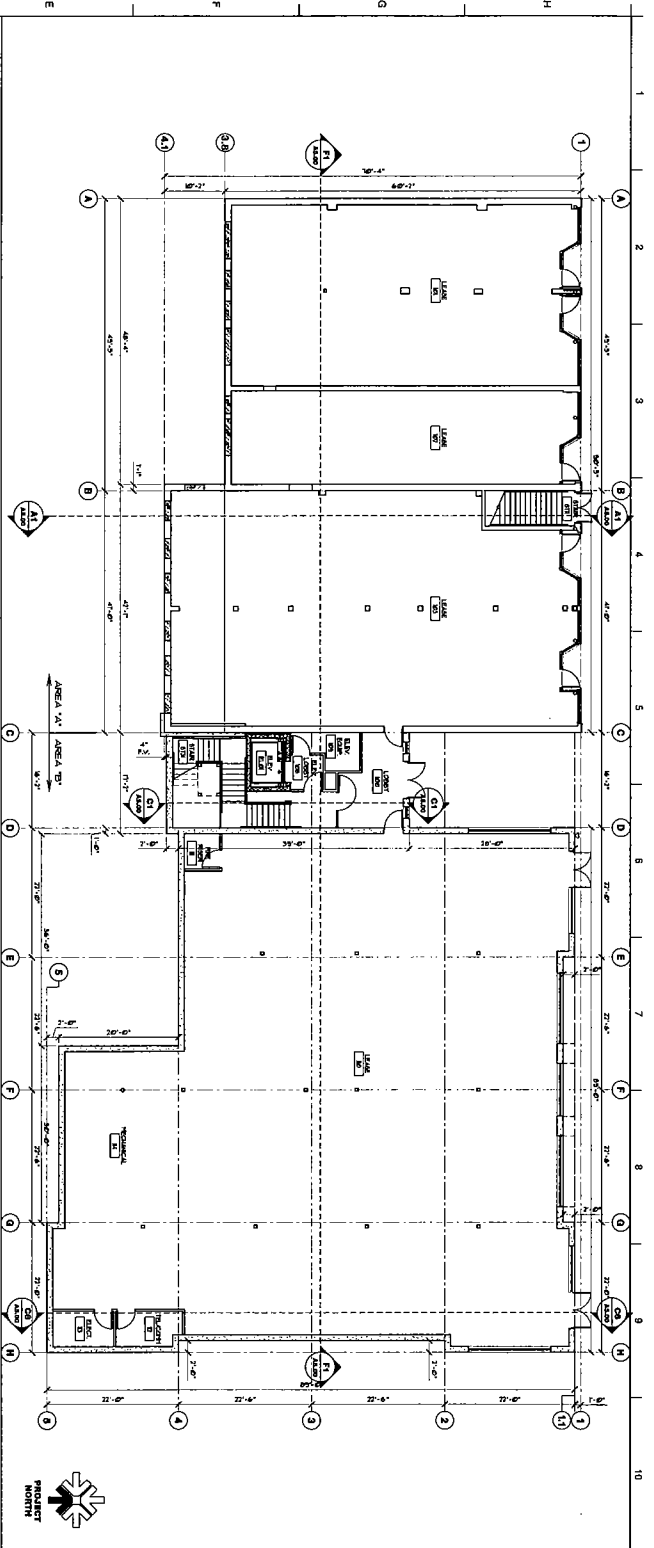
Part of Lot 2, Block 29, of the City of Lewiston, Nez Perce County, State of Idaho, according to the official plat of said City now on file in the office of the County recorder, of Nez Perce County, State of Idaho, commencing at a point on the South line of "E" Street at the Northeast corner of Lot owned by Eugene L. Alford in Lot 2, Block 29, of said City as disclosed by that certain Decree of Distribution in the matter of the Estate of A. H. Alford, deceased, recorded in Book 6 of Orders at page 173; thence East on said South line of "E" Street a distance of 32 feet to a point; thence Southerly parallel with and 28 feet from the East line of said Lot 2, Block 29 of said City of Lewiston to the North line of Lot 4 of Acres known as the Thatcher Place; thence Westerly on said North line of said Lot 4 of Acres to the Southeast corner of said Alford lot; thence Northerly on the East line of said Alford lot to the PLACE OF BEGINNING.

AND ALSO:

Lot 1, Block 29, ORIGINAL CITY OF LEWISTON, Idaho, according to the recorded plat thereof, ALSO; Commencing at the Southeast corner of Lot 1, Block 29 in the City of Lewiston, County of Nez Perce, State of Idaho; thence Easterly at right angles to the East line of said Lot 1 a distance of 16 feet; thence Northerly and parallel with the said East line of said Lot a distance of 30 feet; thence Northerly a distance of 94.5 feet to a point on said East line of said Lot 1, which point is also the present Southeast corner of the building known as the Weisgerber Building; thence Southerly along the East line of said Lot 1 in said Block 29 to the PLACE OF BEGINNING, said strip of land begin formerly a part of the 5th Street in said City of Lewiston.

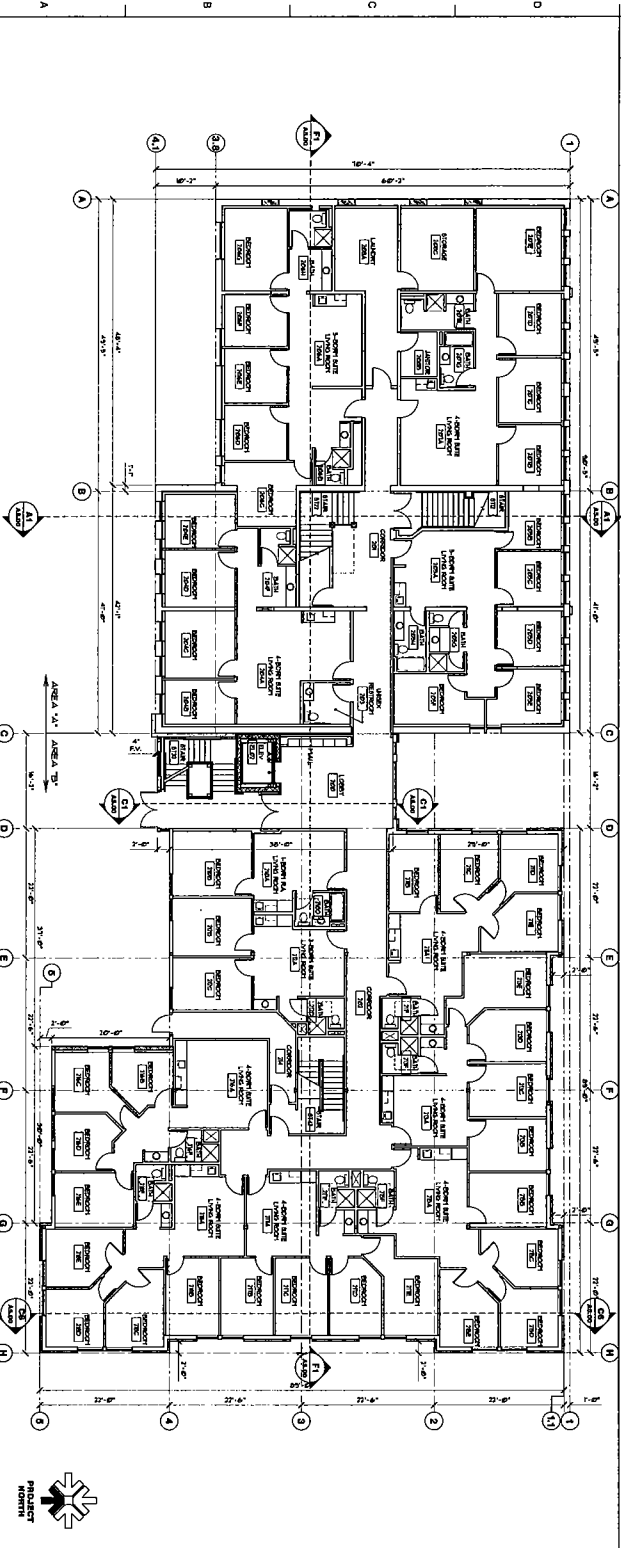
**EXHIBIT B
PLANS AND SPECIFICATIONS**

GENERAL NOTES



E1 FIRST FLOOR OVERALL PLAN

SCALE: 1/8" = 1'-0"



A1 SECOND FLOOR OVERALL PLAN

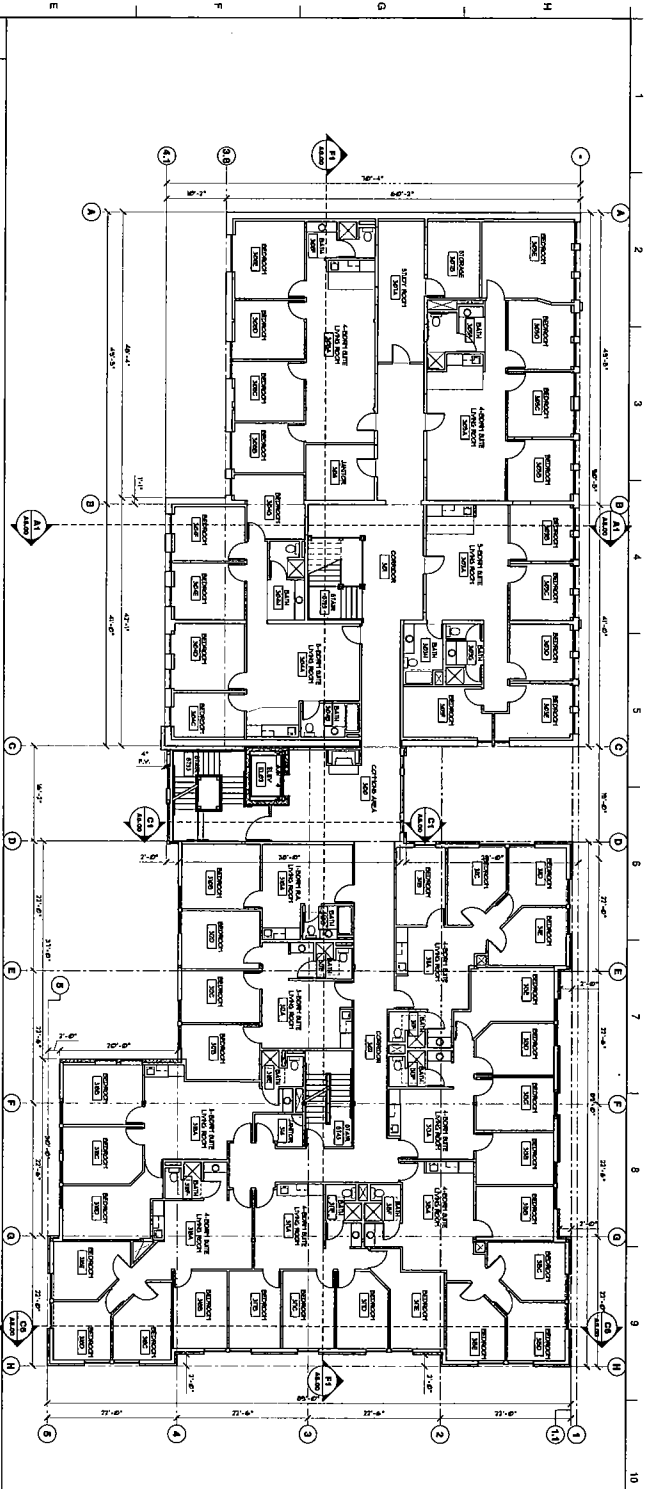
SCALE: 1/8" = 1'-0"



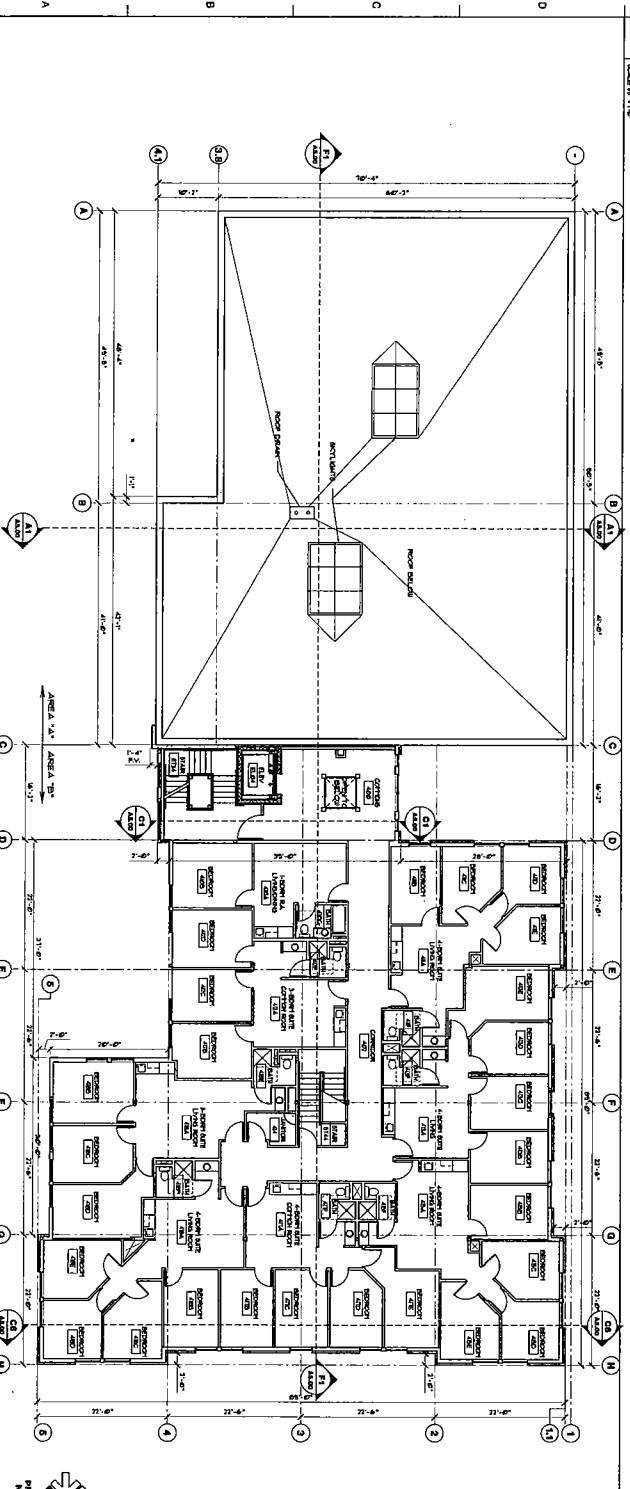
PROJECT ROOM

CONOVERBOND HOUSING	
ARCHITECTS, P.A.	
10000 W. 10th Ave., Suite 100	
Denver, CO 80202	
Tel: (303) 733-1115	
Fax: (303) 733-1115	
Email: info@conoverbond.com	
Website: www.conoverbond.com	
DESIGN: CONOVERBOND ARCHITECTS, P.A.	
ARCHITECT: CONOVERBOND ARCHITECTS, P.A.	
DATE: 01/20/2010	
PROJECT: CONOVERBOND HOUSING	
SHEET: A3.21	
DRAWN BY: [blank]	
CHECKED BY: [blank]	
DATE: [blank]	
PROJECT: CONOVERBOND HOUSING	
SHEET: A3.21	

BAHR - SECTION II



GENERAL NOTES



CONOVERBOND HOUSING
410 MAIN STREET, FALLS CHURCH, VA 22034
ARCHITECT: DESIGN WEST, P.A.
DATE: 05/21/2008
PROJECT: CONOVERBOND HOUSING
SHEET: A3.22

THIRD/FOURTH OVERALL PLANS

**EXHIBIT C
OWNER FF&E SCHEDULE**

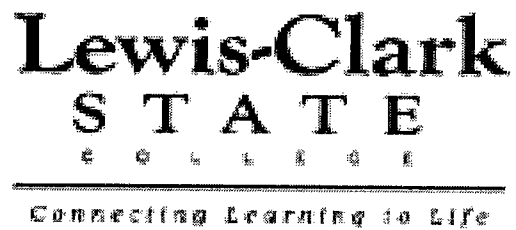
**Clearwater Hall
FFE Schedule**

Floor	Suite	Beds	Desks	Desk Chairs	Wardrobes	Couch	Loveseat	Chair	Dining Table	Dining Chairs	Refrigerators	Microwaves
2	204	5	5	5	5	1			1	2	1	1
	205	5	5	5	5	1			1	2	1	1
	206	4	4	4	4	1			1	2	1	1
	207	4	4	4	4	1			1	2	1	1
	210	1	1	1	1		1		1	2	1	1
	211	4	4	4	4	1			1	2	1	1
	212	2	2	2	2		1		1	2	1	1
	213	4	4	4	4	1			1	2	1	1
	215	4	4	4	4	1			1	2	1	1
	216	4	4	4	4	1			1	2	1	1
	217	4	4	4	4	1			1	2	1	1
	218	4	4	4	4	1			1	2	1	1
	Lounge					1		2				
	303	4	4	4	4	1			1	2	1	1
3	304	5	5	5	5	1			1	2	1	1
	305	5	5	5	5	1			1	2	1	1
	308	4	4	4	4	1			1	2	1	1
	310	1	1	1	1		1		1	2	1	1
	311	4	4	4	4	1			1	2	1	1
	312	3	3	3	3		1		1	2	1	1
	313	4	4	4	4	1			1	2	1	1
	315	4	4	4	4	1			1	2	1	1
	316	3	3	3	3		1		1	2	1	1
	317	4	4	4	4	1			1	2	1	1
	318	4	4	4	4	1			1	2	1	1
	Lounge					1		2				
	410	1	1	1	1		1		1	2	1	1
	411	4	4	4	4	1			1	2	1	1
4	412	3	3	3	3		1		1	2	1	1
	413	4	4	4	4	1			1	2	1	1
	415	4	4	4	4	1			1	2	1	1
	416	3	3	3	3		1		1	2	1	1
	417	4	4	4	4	1			1	2	1	1
	418	4	4	4	4	1			1	2	1	1
	Lounge					1		2				
	Totals	117	117	117	117	27	8	6	32	64	32	32

EXHIBIT D

“Intentionally Deleted”

EXHIBIT E
MONTHLY REMITTANCE



<p>College Town Monthly Remittance Form</p>
--

To: Name
 Mailing address

For: The Month
 of September

Date: September 1, 200x

Check # 999999

Headcount: xx

Rate: \$xxx.xx

Total \$xx,xxx.xx

**EXHIBIT F
ANNUAL BUDGET**

**Lewis-Clark State College
College Town Residence Hall
Lease Year Budget**

Revenues:

Student Housing Charges	\$XXXXXX
Management Fee From Owner	<u>XXXX</u>
Total Revenues	\$XXXXXX

Expenditures:

Rental Installments to Owners	\$XXXXXX
Payments to Owners for RA rooms	XXXXX
Custodial Supplies	XXXXX
Maintenance	XXXX
Trash Removal	XXXX
FF&E Repairs	XXXX
Miscellaneous	<u>XXXX</u>
Total Expenditures	<u>XXXXXX</u>
Net Operating Results	\$ <u>XXX</u>

EXHIBIT G
RESIDENCE HALL TERMS AND CONDITIONS

RESIDENCE HALL TERMS AND CONDITIONS

I. HOUSING DEPOSIT

A. A \$100 deposit must accompany the application for student housing. Deposit and contract must be received by before a room assignment will be made. Deposit will not be applied toward room or meal plan charges. When the student leaves the residence hall, the deposit will be refunded less any charges for loss and/or damage to college property or payments for room and board, student fees, other delinquent college obligations or premature termination of contract.

II. ACTIVITY FEE

A non-refundable activity fee of \$15 per semester is required of all residence hall students. This fee will be collected when the student pays for room and board.

III. ELIGIBILITY

An individual must be admitted by the College. A student must also be registered for and maintain a minimum of 12 credit hours at LCSC during the contracted period.

IV. PERIOD OF CONTRACT

A student may contract to live in a LCSC Residence Hall for the full academic year or one semester (See Section XVIII, Vacation Periods, for exception). Contractual period begins when LCSC receives a completed housing contract and ends as stated in the contract. All academic year contracts automatically expire on the final day of spring semester exams. Housing for the following year requires completion of a new contract.

V. ROOM AND BOARD PAYMENT/COLLECTION

A. Room and board costs are due on the second official day of the Fall/Spring semester.

B. Late fees will be assessed beginning on the third day of the semester to accounts that are not paid in full or have a signed payment plan contract.

C. Failure to pay room and board costs may result in the withholding of meals AND the termination of this contract by the college.

D. Delinquent accounts will be referred to a commercial collection agency. In addition to any balance owed to the college, you are responsible for the costs of collection, including interest, penalties, collection agency fees, court costs and attorney fees.

VI. CANCELLATION PRIOR TO OCCUPANCY

All cancellations must be received in writing at the Office of Residence Life on the date designated below.

Fall Semester

Cancellation received by June 15	Full Refund
Cancellation received by June 16-July 15	\$50.00
Cancellation received after July 15	No Refund

Spring Semester

Cancellation received by December 15	Full Refund
Cancellation received by Dec. 16-Dec. 31	\$50.00

VII. OCCUPANCY

Occupancy occurs when student has been issued a key to his/her room and/or completed and signed the room inventory form. Actual physical occupancy of the room by student and/or placement of student's possessions within the room is not necessary to constitute occupancy.

VIII. TERMINATION OF CONTRACT BY COLLEGE

The College may terminate the contract under the following conditions:

A. Student fails to comply with the rules and regulations set forth in this Contract, Student Code of Conduct, the Residence Hall Handbook, or other College policies, or any applicable, local, state or federal law.

B. Student fails to pay room and board fees when due.

C. Student misrepresents information on this Contract or other Lewis-Clark State College documents.

D. Student breaches, violates, fails to perform or otherwise is in default of any of the terms and conditions of this Contract. The college specifically reserves the right to immediately remove any individual from the Residence Hall premises if the College, in its sole discretion, determines that the individual presents an immediate danger to himself/herself or others.

IX. TERMINATION OF CONTRACT (AFTER OCCUPANCY)

Students who wish to terminate this contract prior to the end of the contract period are subject to the following terms and conditions (in all cases, the deposit will be forfeited):

A. Under all conditions a Petition for Contract Release must be completed with the Office of Residence Life. This includes students who are getting married, transferring, or withdrawing from the College. Approval or non-approval of the petition is contingent upon meeting the criteria set forth in the petition. Termination of the contract is not guaranteed.

B. A student whose petition is denied shall be obligated for the full amount of the room contract.

C. Students who are required to leave the residence hall due to disciplinary action are still responsible for the entire semester or academic year room rent.

D. Formal check-out with a staff member is required.

X. ROOM REFUND SCHEDULE

This refund schedule is limited to Clark Hall and Parrish House for the 2006-2007 academic year. It does not include the suite-style residences. Refunds for approved housing terminations are based on the following schedule:

Refunds after date of official check-out for approved terminations of the contract, are subject to the following schedule:

FALL SEMESTER

August 25 - September 11	70% refund
September 12 - September 24	60% refund
September 25 - October 23	40% refund
October 24 - November 23	20% refund
November 24 - end of semester	No refund

SPRING SEMESTER

January 12 - February 12	60% refund
February 13 - March 12	40% refund
March 13 - April 16	20% refund
April 17 - end of semester	No refund

XI. GENERAL RESIDENCE HALL REGULATIONS

Occupancy in a hall is a privilege extended to the student by the College. The continuation of this privilege is dependent upon the student's reasonable and satisfactory personal conduct and observance of College regulations.

No Alcohol: No alcohol is permitted in the residence halls. Students as individuals on or off campus are subject to the state law and city ordinances pertaining to the possession and consumption of alcoholic beverages and controlled substances. Students are also subject to the State Board of Education Alcohol policy, which is outlined in detail in the Residence Hall Handbook.

Firearms/Weapons/Explosive Substances: Firearms, weapons, explosive substances & devices are prohibited in the residence halls and surrounding areas, including in private vehicles parked on College property. Weapons include, but are not limited to, knives, steel-tipped darts, pellet or BB guns, paintball guns, sling shots, arrows, axes, machetes, numchucks, swords, and throwing stars. Fireworks, gunpowder, explosives, gasoline and other hazardous chemicals or flammable liquids are also prohibited within the residence halls and surrounding areas.

Fire Safety Equipment: Students found to be tampering, damaging or in any way using fire equipment or safety apparatus for other than its intended use may be dismissed from the residence hall, fined and subject to further action by College authorities.

Group Billing: Where individual responsibility for damages to College property can be determined, the individual will be charged. Fines for common area damage will be assessed to the student(s) of the room/floor/hall involved. Willful and/or malicious damaging or stealing of College property is cause for contract cancellation under the terms listed in Section IX, Termination of Contract by College.

Occupants: The room is to be occupied only by the

Right of Entry: The College respects the student's right to privacy; however, the College reserves the right to enter a student's room at any time for health, safety, welfare, and maintenance purposes. Advance notice is given whenever possible. However, in cases where there is probable cause to believe that the student is or has been violating College and/or residence hall regulations, the College can enter a student's room. This right is exercised with great discretion.

XII. COLLEGE REGULATIONS

All students are held responsible for knowing the College regulations and information set forth in the College Catalog, Student Code of Conduct and Residence Hall Handbook. All College rules and regulations as well as residence hall regulations are specifically made a part of the contract by reference.

XIII. ROOM AND BOARD COSTS

All room and board costs, as approved by the State Board of Education, supersede all other information regarding costs. The College reserves the right to change rates. All parties to this agreement agree that room and board rates shall be those approved by the State Board of Education.

XIV. PERSONAL PROPERTY AND LIABILITY

The College shall not be liable for loss of or damage to student's personal property, wherever situated, due to fire, smoke, theft, water or any other casualty or cause. Students are encouraged to provide insurance against loss or damage to their personal property.

XV. FOOD SERVICE

A. Residents of Clark and Talkington Halls are required to maintain a meal plan during the rate period selected.

B. Meal service is not provided during Thanksgiving, Winter, and Spring breaks.

C. Flex dollars Flex dollar plans are included in the suite-style residence halls.

XVI. ROOM ASSIGNMENT

A. The College reserves the right, at its sole discretion, to make assignments and re-assignments of space within the residence halls and to authorize or deny room and roommate changes and to relocate students to or from any room or residence hall.

B. Students occupying a room as a single, but paying for a double will be required to move to a new room, acquire a roommate or pay for a double room as a single room, which will cost an additional \$325 per semester.

C. Any student who is assigned but fails to officially check into the hall by the first hour of classes each semester will forfeit the full amount of the deposit and the room will be reassigned.

XVII. VACATION PERIODS

The on-campus residence halls are officially closed between fall and spring semesters. If housing is offered during this time, students will be charged an additional room rent.

XVIII. ENFORCEMENT & RECOVERY OF ROOM

In the event the College should find it necessary to bring legal proceedings to recover possession of the student's room, or to enforce any of the terms of this contract, including the recovery of damages or charges, the student agrees to pay all reasonable attorney's fees, costs and expenses so incurred by the College.

XIX. CONTRACT TRANSFERS

Any student may, at any time, transfer their contract to another registered, continuing, off-campus student who has not otherwise contracted for housing with the College. Eligible parties must obtain approval for the transfer and complete the transfer process together at the Residence Life office. The physical transfer may take place only after proper approval has been granted and all applicable paperwork has been completed.

EXHIBIT H
2006-2007 HOUSING CONTRACT

Lewis-Clark STATE

Residence Hall Contract

Instructions: Please read all sections of this contract before signing: **By signing below I acknowledge that I have read, understand, and agree to all terms and conditions of this contract. Completion of this contract does not guarantee availability of a residence hall space. NO ALCOHOL is permitted in the residence halls.**

Residence Hall Assignment: _____ Date Assigned: _____

To be assigned by Residence Hall Staff ONLY.

CONTACT INFORMATION

Last/Family Name: _____ First/Given Name: _____

Permanent Mailing Address: _____

City: _____ State/Province: _____ Postal Code: _____

Country (if applicable): _____ Home Telephone (include area code): _____

Email Address: _____ Cell Phone No.: _____

Student ID#: _____

PERSONAL INFORMATION

Date of Birth: _____ Gender: ☐ Male ☐ Female

Are you an LCSC athlete: ☐ Yes ☐ No Sport: _____

Please list any physical or medical conditions that should be considered in making a hall/room assignment or that might be necessary to know in case of an emergency:

CLASS: ☐ Freshman ☐ Sophomore ☐ Junior ☐ Senior GPA (required field): _____

PAYMENT OPTIONS

LCSC Residence Halls are reserved by the SEMESTER or by the YEAR. If you choose the YEAR option, you will need to pay the full amount during the fall semester. Please indicate your choice of payment below:

☐ SEMESTER ☐ YEAR Please indicate which semester & year you are entering _____
i.e. Fall 2006; Spring 2007

This section is for the Institute of Intensive English Language ONLY. Please check the session(s) you will need a residence hall room.

IIE Student: ☐ Fall 1 ☐ Fall 2 ☐ Spring 1 ☐ Spring 2 ☐ Summer 1 ☐ Summer 2 YEAR _____

MEAL PLAN OPTIONS:

Meal Plan A - Unlimited dinners and weekends throughout semester + \$450 Flex

Meal Plan B - Unlimited dinners and weekends throughout semester + \$350 Flex

Meal Plan C - Unlimited dinners and weekends throughout semester + \$250 Flex

Commuter Plan - Clearwater Hall, College Place, Parrish House & CAMP House ONLY = \$500 Flex

Clark Hall residents must purchase Meal Plan A, B or C.

Rates are listed on the website at: <http://www.lcsc.edu/reslife/Rates%202006-2007.htm>

ROOMMATE PREFERENCE

To accommodate your roommate preference, both you and your roommate should send in your contracts within the same time period. I choose to live with: _____

Would you be interested in living with someone of a different cultural or racial background? ☐ YES ☐ No

Please complete the Personal Preferences listed below. We attempt to match students with similar likes and dislikes to the best of our ability.

PERSONAL PREFERENCES

Words that Best Describe Me

Outgoing/social
Value more quiet/solitude

Sleeping Habits

I am an early morning person.
I am a late night person.

Preferred Room Condition

Perfectly clean
Reasonably straight
Messy
It doesn't matter

Preferred Study Location

In my room
In the library
With music

Intended Major

Personal Interests

Sports/Recreation Interests

Types of music I like

Smoking

Do you smoke? Yes No
Object to it? Yes No

Drinking

Do you drink alcoholic beverages? Yes No
Object to it? Yes No

In which Residence Hall would you prefer to live? Please rank 1- first choice; 2 –second choice, etc.

- _____ College Place – 4 person suites, 88 bed facility with shared kitchenette & living space (4 single bedrooms in each suite); located on 4th Street across from LCSC Bookstore.
- _____ Clearwater Hall - 4 person suites, 117 bed facility with shared kitchenette & living space (3-5 single bedrooms in each suite); Located in beautiful downtown and approximately 5 blocks from the campus, this hall has a private study lounge and furnished suites.
- _____ Parrish House (co-ed) Upperclassman; 3.0 GPA or higher – Houses 29 students
- _____ Clark Hall (co-ed) – Houses 78 students

Student Signature _____

Date _____

Parent/Guardian Signature (if under 18 years old) _____ Date _____

Please mail this signed and completed contract with the \$100 room deposit
(If paying by credit card, please remit \$103.00 to cover credit card charges. The refund amount will be \$100)
to: CONTROLLER'S OFFICE--LEWIS-CLARK STATE COLLEGE--500 8TH AVENUE
LEWISTON, ID 83501

For Cashier's Office Use Only:

Deposit \$
GR#
Date

For Residence Life Office Use Only:

--

**EXHIBIT I
SIGNAGE CRITERIA**

Signage Criteria.

Exterior: Following Landlord's consent, Tenant shall have the right to place on the exterior of building and windows and at Tenant's sole expense, any signs which are permitted by applicable zoning ordinances and private restrictions. Landlord may refuse consent to any proposed signage that is in Landlord's opinion too large, deceptive, unattractive or otherwise inconsistent with or inappropriate to the Leased Premises or use of any other tenant. Landlord shall assist and cooperate with Tenant in obtaining any necessary permission from governmental authorities or adjoining owners and occupants for Tenant to place or construct the foregoing signs. Tenant shall repair all damage to the premises resulting from the installation or removal of signs installed by Tenant.

Interior: Tenant need not seek Landlord's consent for signage placed on the interior of the building (but excluding the windows), provided that said signage is installed only in that portion of the project administered by the Tenant. Tenant shall repair all damage to the premises resulting from the installation or removal of signs installed by Tenant.

EXHIBIT J

DESCRIPTIONS OF ITEMS OF PERMITTED FURNITURE AND EQUIPMENT

Student Tenants will be permitted to bring the following items and similar items of furniture and equipment into the Units and the adjoining Common Rooms occupied by them:

Electric Fan
Stereo (but not an entertainment center cabinet)
Small Television
Computer, printer and similar computer peripherals
Beanbag chair or small chair
Desk lamp
Clock
Small chair, such as a folding chair
Stand alone bookshelf – small (limited to room size)
Card table & chairs

Clearwater Hall
Potential Financing

BACKGROUND

Lewis-Clark State College has analyzed the possible purchase of Clearwater Hall. If an offer is authorized, State Board approval will be sought for financing terms.

DISCUSSION

Upon Board approval, LCSC will seek to obtain funds to purchase this facility via the issuance of a tax exempt student fee revenue note. At this date it is anticipated that the terms and conditions of this financing would approximate the following:

Borrower:	Lewis-Clark State College
Buyer:	Wells Fargo Brokerage Services, LLC or its assignee
Project:	Purchase of Clearwater Hall from a private investor
Total Project Costs:	\$3.8 million (estimated)
Costs of Issuance	Responsibility of Borrower
Amount to be Financed	100%
Term	15 years (27 year amortization with refinancing at 15 years)
Interest Rate	4.9% (estimated)
Payment Amount	\$253,000 (estimated)
Amount to Refinance	\$820,000 (estimated)
Anticipated Funding Date	June 2008

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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 17-18, 2008

- 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.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

LEWIS-CLARK STATE COLLEGE

SUBJECT

LCSC requests approval to sell its property at 504 6th Ave ("York House")

REFERENCE

April 2005

Board approved LCSC request to purchase three adjacent properties, including the subject property at 504 6th Ave, Lewiston, Idaho.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.I.1 & V.I.5.b.(3)

BACKGROUND

Board approval would enable LCSC to divest itself of a property which is no longer deemed necessary for program support and which is not suited for a student rental property.

DISCUSSION

The property in question is a stately home in the Normal Hill neighborhood, located approximately one block north of LCSC's Lewiston campus. The College acquired the property, already configured and used as a bed-and-breakfast, to provide a practical laboratory for students in LCSC's hospitality management program. A faculty member within the Business Technology and Service division championed the project and oversaw day-to-day management of the re-named "York House" in conjunction with his instructional duties with students in the program, who used the operation as a laboratory resource. With the recent departure of the faculty member who oversaw the operation, and with the subsequent refocusing and realignment of duties within the division and this program, it is not practical for the College to invest in additional personnel to carry out marketing responsibilities and housekeeping duties for an in-house bed-and-breakfast operation. Students will continue to have hands-on laboratory experience through internship programs with commercial hotel and restaurant operators in the region, providing needed breadth of experience and making best use of scarce support dollars.

LCSC plans to continue York House operations until the end of May 2008, so as not to disrupt currently-planned laboratory operations or cancel current bookings. Therefore, subject to Board approval, a new appraisal of the property would be accomplished (the property was last appraised at \$250,000 in February 2005) and would be put on the market effective June 1, 2008.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 17-18, 2008

IMPACT

Sale of the property would not disrupt LCSC's Hospitality Management program. Funds formerly allocated to support operation of the facility (which complemented income received for lodging and meals from York House guests and special event fees) would be available to support higher priority program needs. Proceeds from sale of the property would be used to support the College's strategic needs and support core mission areas.

ATTACHMENTS

Attachment 1 – Overhead photo showing property location (high)	Page 3
Attachment 2 – Overhead photo showing property location (low)	Page 4
Attachment 3 – Exterior photo	Page 5
Attachment 4 – Exterior photo	Page 6
Attachment 5 – Interior photo	Page 7
Attachment 6 – Interior photo	Page 8
Attachment 7 – Feb 2005 appraisal of property	Page 9

STAFF COMMENTS AND RECOMMENDATIONS

The appraised value of the property as of March 15, 2005 was \$270,000. According to the April 2005 agenda, the house is near the LCSC campus, making it valuable to the college as a rental unit. The purchase of this house was to be amortized over 20 years with monthly revenue exceeding payments.

According to the college, the York House was never intended to be rented as a single-family or student unit but rather on a nightly basis as a bed-and-breakfast. LCSC has typically acquired only inexpensive properties for student or family rentals, and the York House isn't ideally-suited for multiple-student housing. The maintenance costs would also offset any rent payments received.

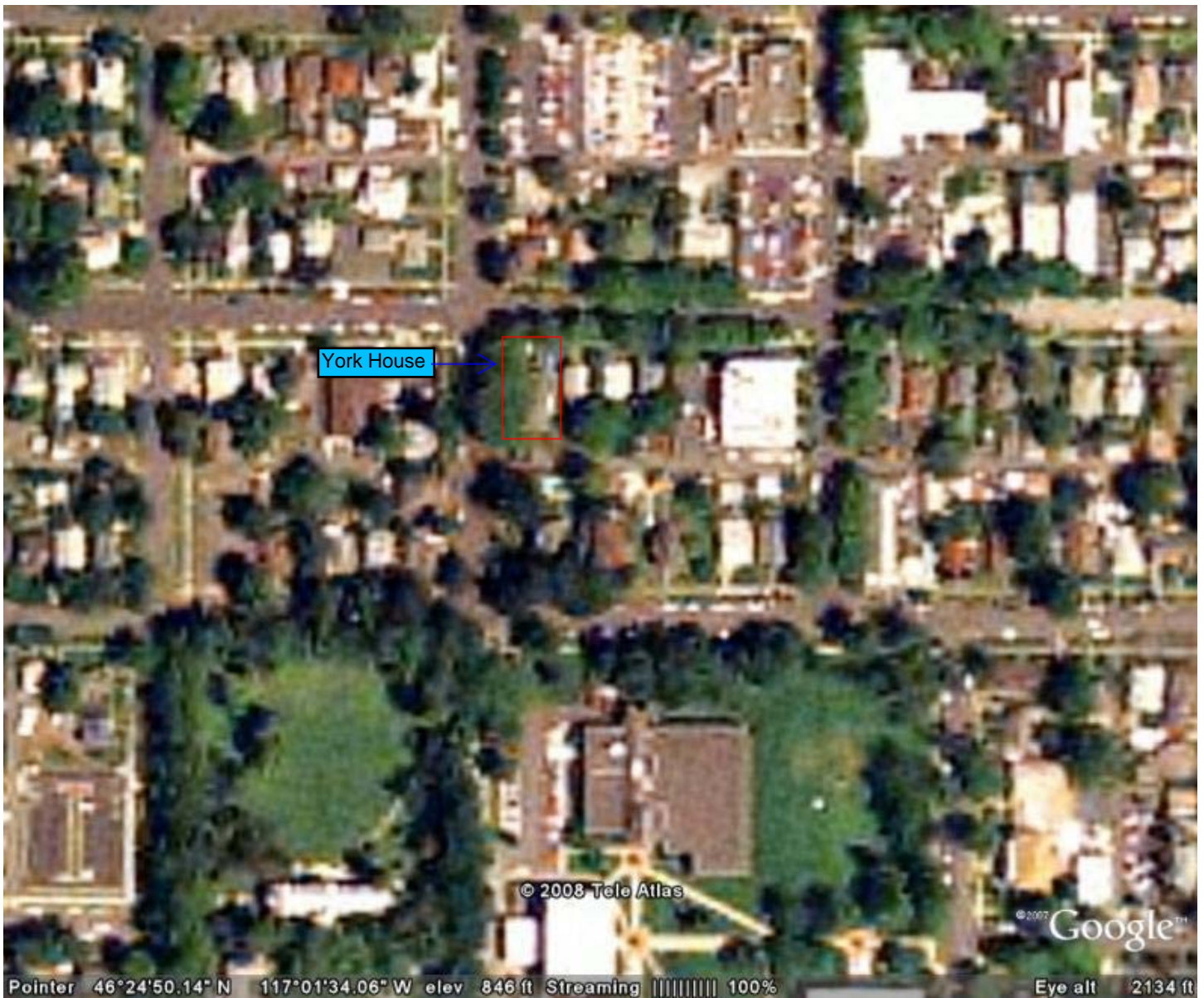
Staff recommends approval.

BOARD ACTION

A motion to approve the request by Lewis-Clark State College to sell the property located at 504 6th Avenue, Lewiston, Idaho. Sale closing would be subject to results of a new appraisal of the property and the Board's review and approval of a purchase agreement following receipt of an offer.

Moved by _____ Seconded by _____ Carried Yes _____ No _____













FROM:

ANDY JOHANSEN & JOSEPH W. SCOTT
WESTERN APPRAISALS
1014 MAIN STREET
LEWISTON, ID 83501

Telephone Number: (208)746-9891

Fax Number: (208)746-9895

INVOICE**INVOICE NUMBER**

RL5285

DATE

02/28/2005

REFERENCE

Internal Order #: RL5285

Lender Case #:

Client File #:

Main File # on form: RL5285

Other File # on form: SUMMARY APPRAISAL RPT

Federal Tax ID: 82-0480131

Employer ID:

TO:

JULIE CREA
LEWIS-CLARK STATE COLLEGE
ADMINISTRATIVE SERVICES
500 8TH AVENUE
LEWISTON, ID 83501

Telephone Number: 208-792-2240

Fax Number: 208-792-2077

Alternate Number:

E-Mail:

DESCRIPTION

Lender: LEWIS-CLARK STATE COLLEGE

Client: LEWIS-CLARK STATE COLLEGE

Purchaser/Borrower: N/A

Property Address: 504 6th Ave

City: LEWISTON

County: NEZ PERCE

State: ID

Zip: 83501-2423

Legal Description: LEWISTON: NORTH PARK PLACE, W 10' LOT 6 BLOCK 2 AND LOT 7

FEES**AMOUNT**

FULL SUMMARY APPRAISAL REPORT 1004

800.00

SUBTOTAL

800.00

PAYMENTS**AMOUNT**

Check #:

Date:

Description:

Check #:

Date:

Description:

Check #:

Date:

Description:

SUBTOTAL**TOTAL DUE**

\$

800.00



APPRAISAL OF REAL PROPERTY

LOCATED AT:

504 6th Ave
LEWISTON: NORTH PARK PLACE, W 10' LOT 6 BLOCK 2 AND LOT 7
LEWISTON, ID 83501-2423

FOR:

LEWIS-CLARK STATE COLLEGE
ADMINISTRATIVE SERVICES
LEWISTON, ID 83501

AS OF:

2/17/2005

BY:

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

ATTACHMENT 7

Western Appraisal (208)746-9891

File No. RL5285 Page #3

SUMMARY APPRAISAL RPT

Summary Appraisal Report

Property Description

UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. RL5285

SUBJECT	Property Address		504 6th Ave		City		LEWISTON		State ID		Zip Code		83501-2423																		
	Legal Description		LEWISTON: NORTH PARK PLACE, W 10' LOT 6 BLOCK 2 AND LOT 7										County		NEZ PERCE																
	Assessor's Parcel No.		RPL1060002007AA		Tax Year		2004		R.E. Taxes \$		3,784.98		Special Assessments \$		0.00																
	Borrower		N/A		Current Owner		MICHAEL A & SHANNON R GROW		Occupant:		<input type="checkbox"/> Owner		<input checked="" type="checkbox"/> Tenant		<input type="checkbox"/> Vacant																
	Property rights appraised		<input checked="" type="checkbox"/> Fee Simple		<input type="checkbox"/> Leasehold		Project Type		<input type="checkbox"/> PUD		<input type="checkbox"/> Condominium (HUD/VA only)		HOA \$		N/A /Mo.																
NEIGHBORHOOD	Neighborhood or Project Name		N/A		Map Reference		4-A		Census Tract		9903.00																				
	Sale Price \$		N/A		Date of Sale		N/A		Description and \$ amount of loan charges/concessions to be paid by seller		N/A																				
	Lender/Client		LEWIS-CLARK STATE COLLEGE		Address		ADMINISTRATIVE SERVICES 500 8TH AVENUE, LEWISTON, ID 83501																								
	Appraiser		JOSEPH W. SCOTT		Address		WESTERN APPRAISAL 1014 MAIN STREET, LEWISTON, ID 83501																								
	Location		<input checked="" type="checkbox"/> Urban		<input type="checkbox"/> Suburban		<input type="checkbox"/> Rural		Predominant occupancy		Single family housing PRICE \$(000)		AGE (yrs)		Present land use %		Land use change														
PUD	Built up		<input checked="" type="checkbox"/> Over 75%		<input type="checkbox"/> 25-75%		<input type="checkbox"/> Under 25%		<input checked="" type="checkbox"/> Owner 85%		45		Low 1		One family 80%		<input checked="" type="checkbox"/> Not likely		<input type="checkbox"/> Likely												
	Growth rate		<input type="checkbox"/> Rapid		<input checked="" type="checkbox"/> Stable		<input type="checkbox"/> Slow		<input type="checkbox"/> Tenant		350		High 100		2-4 family 7%		<input type="checkbox"/> In process		To: _____												
	Property values		<input checked="" type="checkbox"/> Increasing		<input type="checkbox"/> Stable		<input type="checkbox"/> Declining		<input checked="" type="checkbox"/> Vacant (0-5%)				Predominant		Multi-family 5%																
	Demand/supply		<input type="checkbox"/> Shortage		<input checked="" type="checkbox"/> In balance		<input type="checkbox"/> Over supply		<input checked="" type="checkbox"/> Vac.(over 5%)		120		45		Commercial 3%																
	Marketing time		<input type="checkbox"/> Under 3 mos.		<input checked="" type="checkbox"/> 3-6 mos.		<input type="checkbox"/> Over 6 mos.								Vacant 5%																
	Note: Race and the racial composition of the neighborhood are not appraisal factors.																														
	Neighborhood boundaries and characteristics: THE BOUNDARIES ARE CLEARWATER RIVER NORTH, LEWISTON ORCHARDS SOUTH, OLD GUN CLUB ROAD EAST, SNAKE RIVER & CLARKSTON WEST. NEIGHBORHOOD IS SINGLE FAMILY AND SOME MULTI-FAMILY WITH VARIOUS AGES, STYLES, SIZES, AND ACREAGE.																														
	Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.):																														
	THE SUBJECT IS LOCATED IN THE NORMAL HILL AREA OF LEWISTON ON THE WEST SIDE OF LEWIS-CLARK STATE COLLEGE, SURROUNDED PRIMARILY BY SINGLE FAMILY RESIDENTS WITH SOME MULTI-FAMILY AND SPOT COMMERCIAL ALONG RESIDENTIAL ARTERIAL STREETS . EMPLOYMENT, SCHOOLS, AND SHOPPING ARE A SHORT COMMUTE AWAY. MAJOR EMPLOYERS INCLUDE POTLATCH CORP., BLOUNT, AND SAINT JOSEPH'S REGIONAL MEDICAL CENTER. EMPLOYMENT IS STABLE AND CONSISTENT WITH NATIONAL ECONOMIC SITUATION. THERE ARE NO APPARENT ADVERSE FACTORS WHICH AFFECT MARKETABILITY. A LIMITED PUBLIC TRANSIT SYSTEM BEGAN OPERATION JANUARY 2002.																														
	Market conditions in the subject neighborhood (including support for the above conclusions related to the trend of property values, demand/supply, and marketing time -- such as data on competitive properties for sale in the neighborhood, description of the prevalence of sales and financing concessions, etc.):																														
THE NUMBER OF SALES HAVE INCREASED SLIGHTLY IN THE PAST YEAR DUE TO LOW INTEREST RATES, BUT SUPPLY AND DEMAND SEEM TO BE STABLE WITH VALUES INCREASING SLIGHTLY. MLS STATISTICS INDICATE AN AVERAGE MARKET OF 61 DAYS WITH SALES AT 99% OF LIST. INTEREST RATES ARE NEAR 6.0% FOR A 30 YEAR FIXED RATE MORTGAGE. MANY ARE REFINANCING THEIR CURRENT HOMES AND FIRST TIME BUYERS HAVE A STRONG INCENTIVE TO ENTER THE MARKET. NEW CONSTRUCTION CONTINUES AT A DECREASED LEVEL.																															
Project Information for PUDs (If applicable) - - Is the developer/builder in control of the Home Owners' Association (HOA)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No																															
Approximate total number of units in the subject project N/A Approximate total number of units for sale in the subject project N/A																															
Describe common elements and recreational facilities: N/A																															
SITE	Dimensions 60' X 142'								Topography		LEVEL																				
	Site area 8,520 SF (0.20 AC)								Corner Lot		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Size		AVERAGE																
	Specific zoning classification and description R-4 HIGHER DENSITY RESIDENTIAL 7500 SF MIN								Shape		RECTANGULAR																				
	Zoning compliance <input checked="" type="checkbox"/> Legal <input type="checkbox"/> Legal nonconforming (Grandfathered use) <input type="checkbox"/> Illegal <input type="checkbox"/> No zoning								Drainage		APPEARS ADEQUATE																				
	Highest & best use as improved: <input checked="" type="checkbox"/> Present use <input type="checkbox"/> Other use (explain)								View		LOCAL																				
	Utilities		Public		Other		Off-site Improvements		Type		Public		Private		Landscaping		ADEQUATE LAWN & TREES														
	Electricity		<input checked="" type="checkbox"/> OVERHEAD				Street		ASPHALT		<input checked="" type="checkbox"/>		<input type="checkbox"/>		Driveway Surface		POURED CONCRETE														
	Gas		<input checked="" type="checkbox"/>				Curb/gutter		CONCRETE		<input checked="" type="checkbox"/>		<input type="checkbox"/>		Apparent easements		TYPICAL-UTILITY														
	Water		<input checked="" type="checkbox"/>				Sidewalk		CONCRETE		<input checked="" type="checkbox"/>		<input type="checkbox"/>		FEMA Special Flood Hazard Area		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No														
	Sanitary sewer		<input checked="" type="checkbox"/>				Street lights		ELECTRIC		<input checked="" type="checkbox"/>		<input type="checkbox"/>		FEMA Zone		C		Map Date 1/20/1982												
Storm sewer		<input checked="" type="checkbox"/>				Alley		GRAVEL		<input checked="" type="checkbox"/>		<input type="checkbox"/>		FEMA Map No.		1601040001B															
Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning use, etc.): NO APPARENT ADVERSE EASEMENTS OR ENCROACHMENTS WERE NOTED. THE SITE HAS BOTH THE MAIN HOME AND A GUEST HOME, WHICH IS NOT CONNECTED TO THE MAIN HOME.																															
DESCRIPTION OF IMPROVEMENTS	GENERAL DESCRIPTION				EXTERIOR DESCRIPTION				FOUNDATION				BASEMENT				INSULATION														
	No. of Units		TWO		Foundation		STONE & MORTAR		Slab		NO		Area Sq. Ft.		0		Roof		<input type="checkbox"/>												
	No. of Stories		2.0 STY		Exterior Walls		METAL SIDING		Crawl Space		YES		% Finished		NONE		Ceiling		UNK <input checked="" type="checkbox"/>												
	Type (Det./Att.)		DETACHED		Roof Surface		WOOD SHAKE		Basement		NONE SEALED		Ceiling		N.A.		Walls		UNK <input checked="" type="checkbox"/>												
	Design (Style)		2 STY		Gutters & Dwnspts.		P. SHEET METAL		Sump Pump		NONE		Walls		N.A.		Floor		<input type="checkbox"/>												
	Existing/Proposed		EXISTING		Window Type		WOOD FRAME		Dampness		NONE OBSERVED		Floor		N.A.		None		<input type="checkbox"/>												
	Age (Yrs.)		1900		Storm/Screens		MIX		Settlement		TYPICAL FOR AGE		Outside Entry		NO		Unknown		<input type="checkbox"/>												
	Effective Age (Yrs.)		35-40		Manufactured House		NO		Infestation		NONE OBSERVED																				
	ROOMS		Foyer		Living		Dining		Kitchen		Den		Family Rm.		Rec. Rm.		Bedrooms		# Baths		Laundry		Other		Area Sq. Ft.						
	Basement																								0						
Level 1		1		1		1		1		1		1						1		1				1,332							
Level 2																3		2				SITTING RM		1,351							
Finished area above grade contains: 9 Rooms; 3 Bedroom(s); 3 Bath(s); 2,683 Square Feet of Gross Living Area																															
INTERIOR				Materials/Condition				HEATING				GFA/NONE				KITCHEN EQUIP.				ATTIC				AMENITIES				CAR STORAGE:			
Floors		CARPET, TILE/AVG		Type		FA		Refrigerator		<input type="checkbox"/>		None		<input type="checkbox"/>		Fireplace(s) #		2 FRPL		<input checked="" type="checkbox"/>		None		<input type="checkbox"/>							
Walls		DRYWALL,PANELING/AVG		Fuel		GAS		Range/Oven		<input checked="" type="checkbox"/>		Stairs		<input type="checkbox"/>		Patio		COVD CONC		<input checked="" type="checkbox"/>		Garage		# of cars							
Trim/Finish		WOOD/AVG		Condition		AVG		Disposal		<input checked="" type="checkbox"/>		Drop Stair		<input type="checkbox"/>		Deck		COVD WOOD		<input checked="" type="checkbox"/>		Attached		TWO							
Bath Floor		CARPET/AVG		COOLING		CENTRAL		Dishwasher		<input checked="" type="checkbox"/>		Scuttle		<input checked="" type="checkbox"/>		Porch		COVD WOOD		<input checked="" type="checkbox"/>		Detached		N/A							
Bath Wainscot		LAMINATE/AVG		Central		YES		Fan/Hood		<input checked="" type="checkbox"/>		Floor		<input type="checkbox"/>		Fence		CHN LINK		<input checked="" type="checkbox"/>		Built-In		N/A							
Doors		WOOD/AVG		Other		N/A		Microwave		<input checked="" type="checkbox"/>		Heated		<input type="checkbox"/>		Pool		NONE		<input type="checkbox"/>		Carport		N/A							
				Condition		AVG		Washer/Dryer		<input type="checkbox"/>		Finished		<input type="checkbox"/>		GUEST HOUSE		<input checked="" type="checkbox"/>				Driveway		1							
COMMENTS	Additional features (special energy efficient items, etc.): ENERGY FEATURES HAVE BEEN UPGRADED. THE HOME HAS GAS FORCED AIR HEATING AND CENTRAL AIR.																														
	Condition of the improvements, depreciation (physical, functional, and external), repairs needed, quality of construction, remodeling/additions, etc.: THE HOME AND GUEST HOME HAVE BOTH BEEN REFURBISHED TO AVERAGE OR BETTER CONDITION. THE SHAKE ROOF OF THE MAIN HOME IS NEARING ITS END OF USEFUL LIFE.																														
Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property.: NO APPARENT ADVERSE CONDITIONS WERE NOTED.																															

Freddie Mac Form 70 6/93

PAGE 1 OF 2

Fannie Mae Form 1004 6/93

Form UA2 — "TOTAL for Windows" appraisal software by a la mode, inc. — 1-800-ALAMODE

BAHR - SECTION II

TAB 13 Page 11

Valuation Section

UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. RL5285

COST APPROACH

ESTIMATED SITE VALUE = \$20,000

ESTIMATED REPRODUCTION COST-NEW-OF IMPROVEMENTS:

Dwelling2,683 Sq. Ft. @\$76.47 = \$205,169

Sq. Ft. @\$=

APPLIANCES, FIREPLACE, PORCHES, PATIO, ETC = 12,500

Garage/Carport702 Sq. Ft. @\$24.45 = 17,164

Total Estimated Cost New = \$234,833

LessPhysicalFunctionalExternal

Depreciation70,450 = \$70,450

Depreciated Value of Improvements = \$164,383

"As-is" Value of Site Improvements = \$67,500

INDICATED VALUE BY COST APPROACH = \$251,883

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

ECONOMIC LIFE: 35 YEARS REMAINING.

SALES COMPARISON ANALYSIS

ITEM	SUBJECT	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3	
504 6th Ave Address LEWISTON, ID		725 PROSPECT AVENUE LEWISTON, ID		511 7TH AVENUE LEWISTON, ID		1411 8TH AVENUE LEWISTON, ID	
Proximity to Subject		0.23 miles		0.05 miles		0.67 miles	
Sales Price		\$N/A		\$300,000		\$185,000	
Price/Gross Living Area		\$98.48		\$92.54		\$80.50	
Data and/or Verification Source		OWNER INSPECTION MLS LISTING AGENT		MLS LISTING AGENT		MLS LISTING AGENT	
VALUE ADJUSTMENTS		DESCRIPTION+(-)\$ Adjust.		DESCRIPTION+(-)\$ Adjust.		DESCRIPTION+(-)\$ Adjust.	
Sales or Financing Concessions		CONVENTIONAL		CONVENTIONAL		CONVENTIONAL	
Date of Sale/Time		03-04+4,400		06-03+8,000		06-03+8,000	
Location		LEWISTON		LEWISTON		LEWISTON	
Leasehold/Fee Simple		FEE SIMPLE		FEE SIMPLE		FEE SIMPLE	
Site		0.20 AC		0.20 AC		0.26 AC	
View		LOCAL		LOCAL		LOCAL	
Design and Appeal		2 STY		2 STY		2 STY	
Quality of Construction		AVERAGE		GOOD-20,000		AVERAGE	
Age		1900 EFF 1970		1910 EFF 1980-5,000		1925 EFF 1970	
Condition		AVERAGE		AVERAGE PLUS-10,000		AVERAGE	
Above Grade		TotalBdrmsBaths		TotalBdrmsBaths		TotalBdrmsBaths	
Room Count		933		743		742+1,200	
Gross Living Area		2,683 Sq. Ft.		3,242 Sq. Ft.-8,900		2,298 Sq. Ft.+6,200	
Basement & Finished		CELLAR		1152 SF-4,800		1334 SF-5,700	
Rooms Below Grade		NONE		844 FIN-3,800		1334 FIN-9,300	
Functional Utility		AVERAGE		AVERAGE		AVERAGE	
Heating/Cooling		GFA/CAC		G RAD/CAC		GFA/CAC	
Energy Efficient Items		AVERAGE		AVERAGE		AVERAGE	
Garage/Carport		2 GAR/ATT+2,500		3 GAR/DET-2,500		NONE+5,000	
Porch, Patio, Deck, Fireplace(s), etc.		PATIO+2,000		PORCHES		PATIO,PORCH+1,000	
Fence, Pool, etc.		2 FRPL		2 FRPL		NONE+2,000	
Fence, Pool, etc.		FENCE		FENCE		NONE+500	
Extra Amenities		GUEST HOUSE,UGSS		UGSS+45,000		SMALL GUEST HOUSE+35,000	
Net Adj. (total)		+-\$53,900		+-\$2,000		+-\$43,900	
Adjusted Sales Price of Comparable		Net 27.6 % Gross 39.2 %		Net 0.7 % Gross 36.0 %		Net 23.7 % Gross 39.9 %	
Comments on Sales Comparison (including the subject property's compatibility to the neighborhood, etc.):		SEE ADDITIONAL SALE AND COMMENTS ON NEXT PAGE.					

RECONCILIATION

ITEM	SUBJECT	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3	
Date, Price and Data	7/12/2004, \$295,000	CURRENTLY LISTED FOR \$225,000		NONE KNOWN		NONE KNOWN	
Source, for prior sales	LISTING WITHDRWN	51 DAYS ON MARKET					
within year of appraisal	172 DAY ON MARKET						
Analysis of any current agreement of sale, option, or listing of subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal: SALES COMPARABLES HAVE NOT RESOLD IN THE PAST YEAR. SUBJECT WAS LISTED FOR \$295,000 BEGINNING 7/12/2004 AND WITHDRAWN AFTER 172 DAYS ON MARKET.							
INDICATED VALUE BY SALES COMPARISON APPROACH \$250,000							
INDICATED VALUE BY INCOME APPROACH (if Applicable) Estimated Market Rent \$N/A /Mo. x Gross Rent Multiplier N/A = \$N/A							

This appraisal is made ☒ "as is" ☐ subject to the repairs, alterations, inspections or conditions listed below ☐ subject to completion per plans & specifications.
Conditions of Appraisal: NO PERSONAL PROPERTY INCLUDED IN VALUE. ROOF APPEARS TO BE NEARING END OF USEFUL LIFE.

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

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

I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF 02/17/2005
(WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE \$250,000

APPRaiser: Joseph W. Scott
Signature: [Signature]
Name: JOSEPH W. SCOTT
Date Report Signed: 02/28/2005
State Certification #: IN-TRAINING State ID
Or State License #: State

SUPERVISORY APPRAISER (ONLY IF REQUIRED):
Signature: [Signature]
Name: ANDY JOHANSEN
Date Report Signed: 02/28/2005
State Certification #: CRA #148 State ID
Or State License #: State

☒ Did ☐ Did Not Inspect Property

Freddie Mac Form 70 6/93

PAGE 2 OF 2

Fannie Mae Form 1004 6-93

Form UA2 — "TOTAL for Windows" appraisal software by a la mode, inc. — 1-800-ALAMODE

BAHR - SECTION II

TAB 13 Page 12

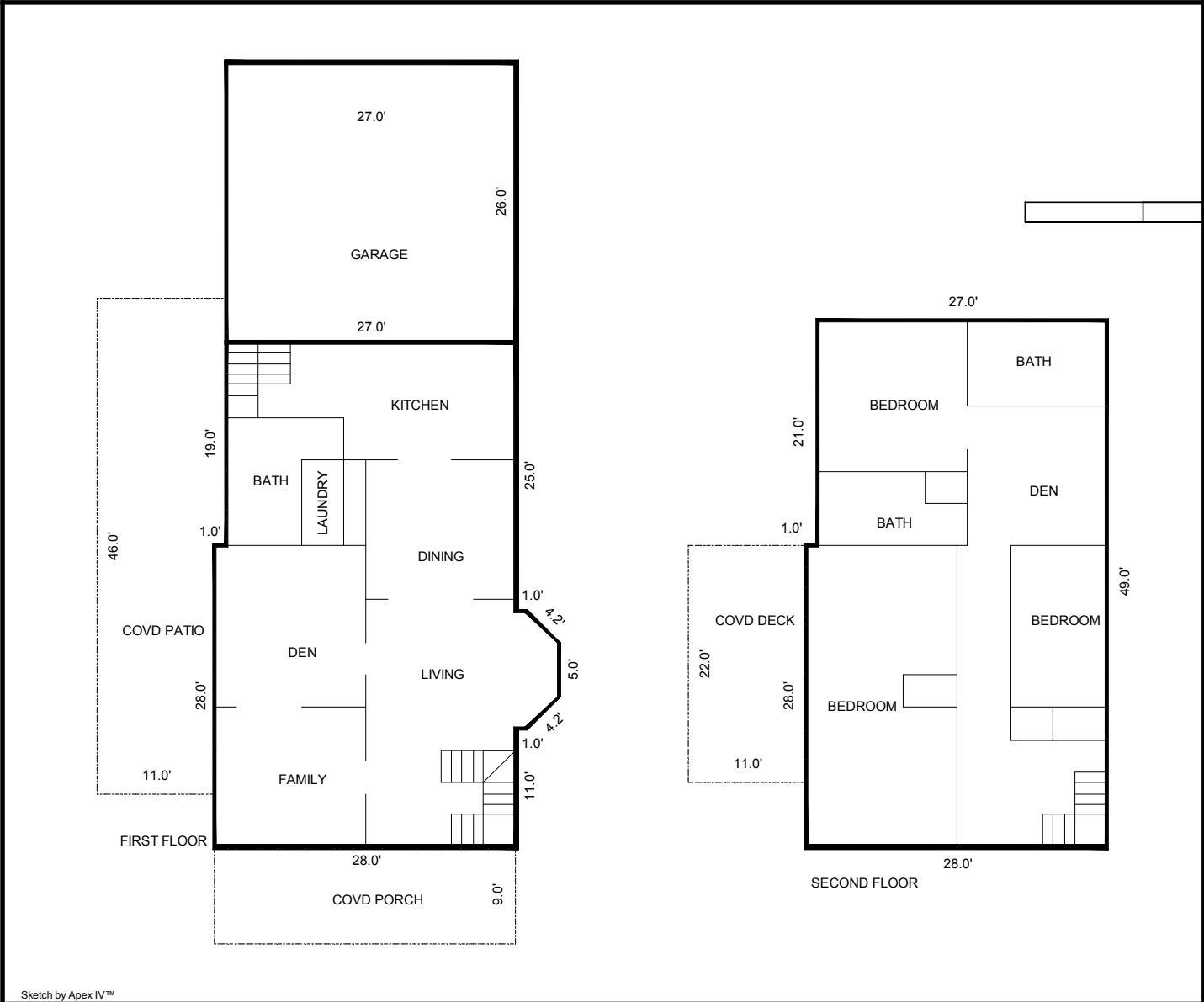
UNIFORM RESIDENTIAL APPRAISAL REPORT

MARKET DATA ANALYSIS

These recent sales of properties are most similar and proximate to subject and have been considered in the market analysis. The description includes a dollar adjustment, reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to, or more favorable than, the subject property, a minus (-) adjustment is made, thus reducing the indicated value of the subject. If a significant item in the comparable is inferior to, or less favorable than, the subject property, a plus (+) adjustment is made, thus increasing the indicated value of the subject.											
SALES COMPARISON ANALYSIS	ITEM	SUBJECT	COMPARABLE NO. 4			COMPARABLE NO. 5			COMPARABLE NO. 6		
	504 6th Ave		1121 3RD STREET								
	Address LEWISTON, ID		LEWISTON, ID								
	Proximity to Subject		0.41 miles								
	Sales Price	\$ N/A		\$	187,000		\$			\$	
	Price/Gross Living Area	\$ 70.75									
	Data and/or Verification Sources	OWNER INSPECTION	MLS LISTING AGENT								
	VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+ (-)\$ Adjust.		DESCRIPTION	+ (-)\$ Adjust.		DESCRIPTION	+ (-)\$ Adjust.	
	Sales or Financing Concessions		CASH								
	Date of Sale/Time		03-03	+8,800							
	Location	LEWISTON	LEWISTON								
	Leasehold/Fee Simple	FEE SIMPLE	FEE SIMPLE								
	Site	0.20 AC	0.28 AC								
	View	LOCAL	LOCAL								
	Design and Appeal	2 STY	2 STY								
	Quality of Construction	AVERAGE	AVERAGE								
	Age	1900 EFF 1970	1928 EFF 1970								
	Condition	AVERAGE	AVERAGE								
	Above Grade Room Count	Total Bdrms Baths 9 3 3	Total Bdrms Baths 7 3 2.5			Total Bdrms Baths			Total Bdrms Baths		
	Gross Living Area	2,683 Sq. Ft.	2,643 Sq. Ft.	+600		Sq. Ft.			Sq. Ft.		
	Basement & Finished Rooms Below Grade	CELLAR NONE	891 SF 445 FIN	-3,500 -3,100							
	Functional Utility	AVERAGE	AVERAGE								
	Heating/Cooling	GFA/CAC	GFA/CAC								
	Energy Efficient Items	AVERAGE	AVERAGE								
	Garage/Carport	2 GAR/ATT	2 CPT/ATT	+3,000							
	Porch, Patio, Deck, Fireplace(s), etc.	PORCHES, PATIO,DK 2 FRPL	PATIO,PORCHES FRPL, GAS STOVE	+1,000							
	Fence, Pool, etc.	FENCE	FENCE								
	Extra Amenities	GUEST HOUSE,UGSS	NONE	+45,000							
	Net Adj. (total)		⊗ + ☐ - \$	51,800		☐ + ☐ - \$			☐ + ☐ - \$		
	Adjusted Sales Price of Comparable		Net 27.7 % Gross 34.8 %	\$ 238,800		Net % Gross %	\$		Net % Gross %	\$	
	Date, Price and Data Source for prior sales within year of appraisal	7/12/2004, \$295,000 LISTING WITHDRWN\ 172 DAY ON MARKET	CURRENTLY LISTED FOR \$191,000 135 DAYS ON MARKET								
COMMENTS	Comments: THE SUBJECT HOME WAS BUILT IN 1900 AND HAS BEEN UPDATED TO AN EFFECTIVE AGE OF ABOUT 1970. THE HOME IS IN AVERAGE TO ABOVE CONDITION AND AVERAGE TO ABOVE QUALITY. THERE IS A GUEST HOUSE ASSOCIATED WITH THE HOME WHICH IS LOCATED ON THE SAME SITE. THE GUEST HOUSE LACKS A USEABLE KITCHEN AND ONE OF THE MAIN DOWNSTAIRS ROOMS HAS BEEN CONVERTED INTO A HOT TUB ROOM. THERE IS ALSO NO LAUNDRY FACILITY IN THE GUEST HOUSE. IN ORDER FOR THE GUEST HOUSE TO OPERATE, FULLY INDEPENDENTLY, THE HOT TUB ROOM WOULD HAVE TO BE CONVERTED BACK TO A NORMAL FAMILY ROOM, THE KITCHEN WOULD HAVE TO BE REMODELED TO INCLUDE APPLIANCES AND A MORE FUNCTIONAL WORK AREA, AND A LAUNDRY HOOK UP WOULD BE REQUIRED.										
	TO PROVIDE A MARKET VALUE ESTIMATE OF THE HOME AND GUEST HOUSE, IT HAS BEEN COMPARED TO OTHER HOMES WHICH HAVE SOLD AND WHICH ARE SIMILAR IN CONSTRUCTION AND LOCATION. VERY FEW SIMILAR SALES ARE CURRENTLY AVAILABLE. THE FOUR SALES SHOWN ARE THE BEST AVAILABLE IN LEWISTON WHICH HAVE SOLD WITHIN THE PAST TWO YEARS. HOME VALUES HAVE INCREASED SLIGHTLY WITHIN THE PAST TWO YEARS AND ALL OF THE COMPARABLE SALES HAVE BEEN ADJUSTED FOR THE DIFFERENCE IN DATE OF THE SALES. THE GUEST HOUSE IS SHOWN AS AN AMENITY TO THE MAIN HOME IN THE SALE ANALYSIS GRID ABOVE. IDEALLY, ALL OF THE COMPARABLE HOMES WOULD HAVE A GUEST HOUSE FOR A BETTER COMPARISON, HOWEVER, ONLY ONE CURRENT SALE WAS AVAILABLE WITH A GUEST HOUSE, AND IT WAS MUCH SMALLER THAN THAT OF THE SUBJECT. THE GUEST HOUSE CONTRIBUTORY VALUE WAS DERIVED BY COMPARING IT TO SIMILAR HOMES, WITH THE LAND VALUE EXTRACTION AND AN ADDITIONAL \$7,500 WAS DEDUCTED TO CONVERT THE GUEST HOUSE TO A MORE FUNCTIONAL LIVING UNIT AS PREVIOUSLY MENTIONED. THE GUEST HOUSE VALUE WAS ALSO DEPRECIATED BY TWENTY PER CENT BECAUSE OF THE LACK OF MARKETABILITY OF TWO HOMES ON THE SAME SITE. THE CONTRIBUTORY VALUE OF THE GUEST HOUSE WAS CONSIDERED TO BE \$45,000 AS SHOWN IN THE SALES ANALYSIS.										
	THE FOUR COMPARABLE SALES ARE THE MOST SIMILAR AVAILABLE, BUT ARE STILL LESS THAN IDEAL. ALL OF THE SALES HAVE BEEN ADJUSTED FOR SUPERIOR OR INFERIOR CHARACTERISTICS AS SHOWN IN THE SALES ANALYSIS GRID.										
	SALE 1 HAS A SUPERIOR VIEW AND HAS BEEN UPDATED TO A GREATER EXTENT THAN THE SUBJECT. IT HAS A SMALLER LIVING AREA AND A PARTIAL BASEMENT, SMALLER STORAGE AND PORCHES, AND LACKS THE GUEST HOUSE.										
	SALE 2 IS LOCATED NEAR THE SUBJECT. IT IS SUPERIOR IN QUALITY AND CONDITION COMPARED TO THE SUBJECT. IT HAD BEEN SIGNIFICANTLY UPGRADED AND HAD GRANITE COUNTER TOPS, MORE EXTENSIVE WOOD WORK ETC, AND WAS MORE MODERN FROM THE REFURBISHMENT. IT IS ALSO LARGER AND HAD A PARTIALLY FINISHED BASEMENT. IT LACKED THE GUEST HOUSE OF THE SUBJECT.										
	SALE 3 IS SMALLER ON THE MAIN FLOOR, BUT HAS A FULLY FINISHED BASEMENT. IT LACKS CAR STORAGE AND A FIREPLACE, AND HAS FEWER PORCHES. IT DOES HAVE A GUEST HOUSE, BUT IT IS SMALLER AND OF INFERIOR QUALITY COMPARED TO THE SUBJECT'S.										
	SALE 4 IS NEARLY THE SAME SIZE AS THE SUBJECT, BUT HAS A SMALL, PARTIALLY FINISHED BASEMENT. THE CAR STORAGE AND PORCHES ARE INFERIOR TO THE SUBJECT AND IT LACKS THE GUEST HOUSE.										
	THE SUBJECT HOME AND GUEST HOUSE ARE WELL FURNISHED. THE FURNISHINGS ARE CONSIDERED PERSONAL PROPERTY AND ARE NOT INCLUDED IN THE VALUE ANALYSIS. NONE OF THE COMPARABLES WERE FURNISHED AT THE TIME OF THE SALE. THE VALUE OF THE FURNISHINGS, IF INCLUDED WOULD BE ADDED TO OUR VALUE CONCLUSION FOR AN OVERALL VALUE.										
	AFTER CONSIDERATION OF THE PROPERTY AT 511 6TH AVENUE, THE MARKET VALUE CONCLUSION FOR THE REAL ESTATE IS -----\$250,000.00										

Building Sketch (Page - 1)

Borrower/Client N/A			
Property Address 504 6th Ave			
City LEWISTON	County NEZ PERCE	State ID	Zip Code 83501-2423
Lender LEWIS-CLARK STATE COLLEGE			



Sketch by Apex IV™

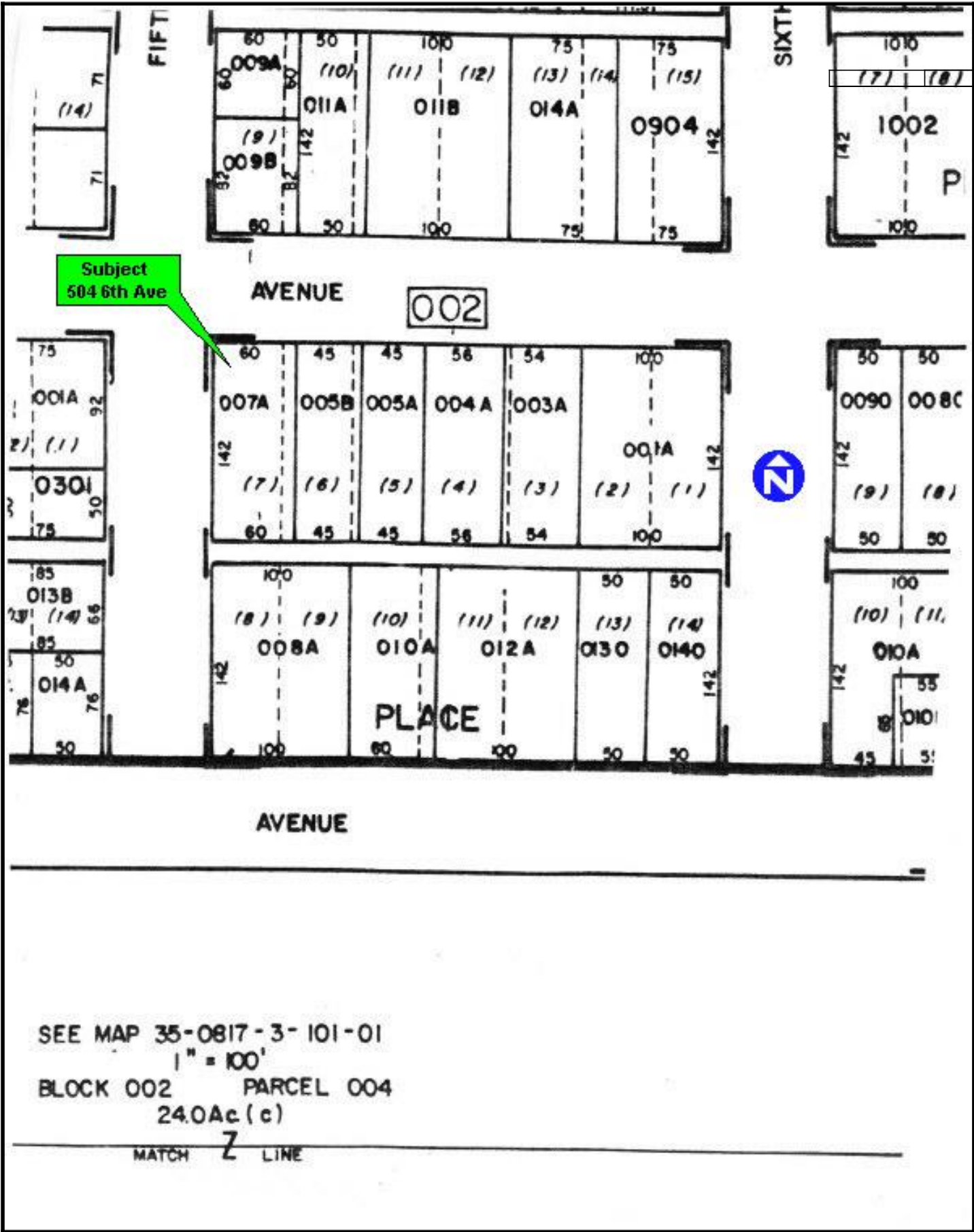
Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Size	Net Totals
GLA1	First Floor	1332.00	1332.00
GLA2	Second Floor	1351.00	1351.00
P/P	COD PORCH	252.00	
	COV PATIO	529.00	
	COVD DECK\	242.00	1023.00
GAR	Garage	702.00	702.00
TOTAL LIVABLE (rounded)			2683

LIVING AREA BREAKDOWN			
Breakdown			Subtotals
First Floor			
	1.0	x 11.0	11.00
	3.0	x 5.0	15.00
0.5	x 3.0	x 3.0	4.50
0.5	x 3.0	x 3.0	4.50
	27.0	x 47.0	1269.00
	1.0	x 28.0	28.00
Second Floor			
	28.0	x 28.0	784.00
	21.0	x 27.0	567.00
8 Calculations Total (rounded)			2683

Plat Map

Borrower/Client N/A			
Property Address 504 6th Ave			
City LEWISTON	County NEZ PERCE	State ID	Zip Code 83501-2423
Lender LEWIS-CLARK STATE COLLEGE			



Subject Photo Page

Borrower/Client N/A			
Property Address 504 6th Ave			
City LEWISTON	County NEZ PERCE	State ID	Zip Code 83501-2423
Lender LEWIS-CLARK STATE COLLEGE			



Subject Front

504 6th Ave	
Sales Price	N/A
Gross Living Area	2,683
Total Rooms	9
Total Bedrooms	3
Total Bathrooms	3
Location	LEWISTON
View	LOCAL
Site	0.20 AC
Quality	AVERAGE
Age	1900 EFF 1970



Subject Rear



Subject Street

PHOTOGRAPH ADDENDUM

Borrower/Client	N/A					
Property Address	504 6th Ave					
City	LEWISTON	County	NEZ PERCE	State	ID	Zip Code 83501-2423
Lender	LEWIS-CLARK STATE COLLEGE					



504 6TH AVE
FRONT VIEW LOOKING NORTHEAST

--	--



504 6TH AVENUE
REAR VIEW FACING SOUTHWEST



GUEST HOUSE (611 5TH STREET)
FRONT VIEW

Comparable Photo Page

Borrower/Client N/A			
Property Address 504 6th Ave			
City LEWISTON	County NEZ PERCE	State ID	Zip Code 83501-2423
Lender LEWIS-CLARK STATE COLLEGE			



Comparable 1

725 PROSPECT AVENUE	
Prox. to Subject	0.23 miles
Sale Price	195,000
Gross Living Area	1,980
Total Rooms	7
Total Bedrooms	4
Total Bathrooms	2
Location	LEWISTON
View	GOOD
Site	0.16 AC
Quality	AVERAGE
Age	1932 EFF 1980



Comparable 2

511 7TH AVENUE	
Prox. to Subject	0.05 miles
Sale Price	300,000
Gross Living Area	3,242
Total Rooms	7
Total Bedrooms	4
Total Bathrooms	3
Location	LEWISTON
View	LOCAL
Site	0.20 AC
Quality	GOOD
Age	1910 EFF 1980



Comparable 3

1411 8TH AVENUE	
Prox. to Subject	0.67 miles
Sale Price	185,000
Gross Living Area	2,298
Total Rooms	7
Total Bedrooms	4
Total Bathrooms	2
Location	LEWISTON
View	LOCAL
Site	0.26 AC
Quality	AVERAGE
Age	1925 EFF 1970

Comparable Photo Page

Borrower/Client	N/A		
Property Address	504 6th Ave		
City	LEWISTON	County	NEZ PERCE
		State	ID
		Zip Code	83501-2423
Lender	LEWIS-CLARK STATE COLLEGE		



Comparable 4

1121 3RD STREET	
Prox. to Subject	0.41 miles
Sale Price	187,000
Gross Living Area	2,643
Total Rooms	7
Total Bedrooms	3
Total Bathrooms	2.5
Location	LEWISTON
View	LOCAL
Site	0.28 AC
Quality	AVERAGE
Age	1928 EFF 1970

Comparable 5

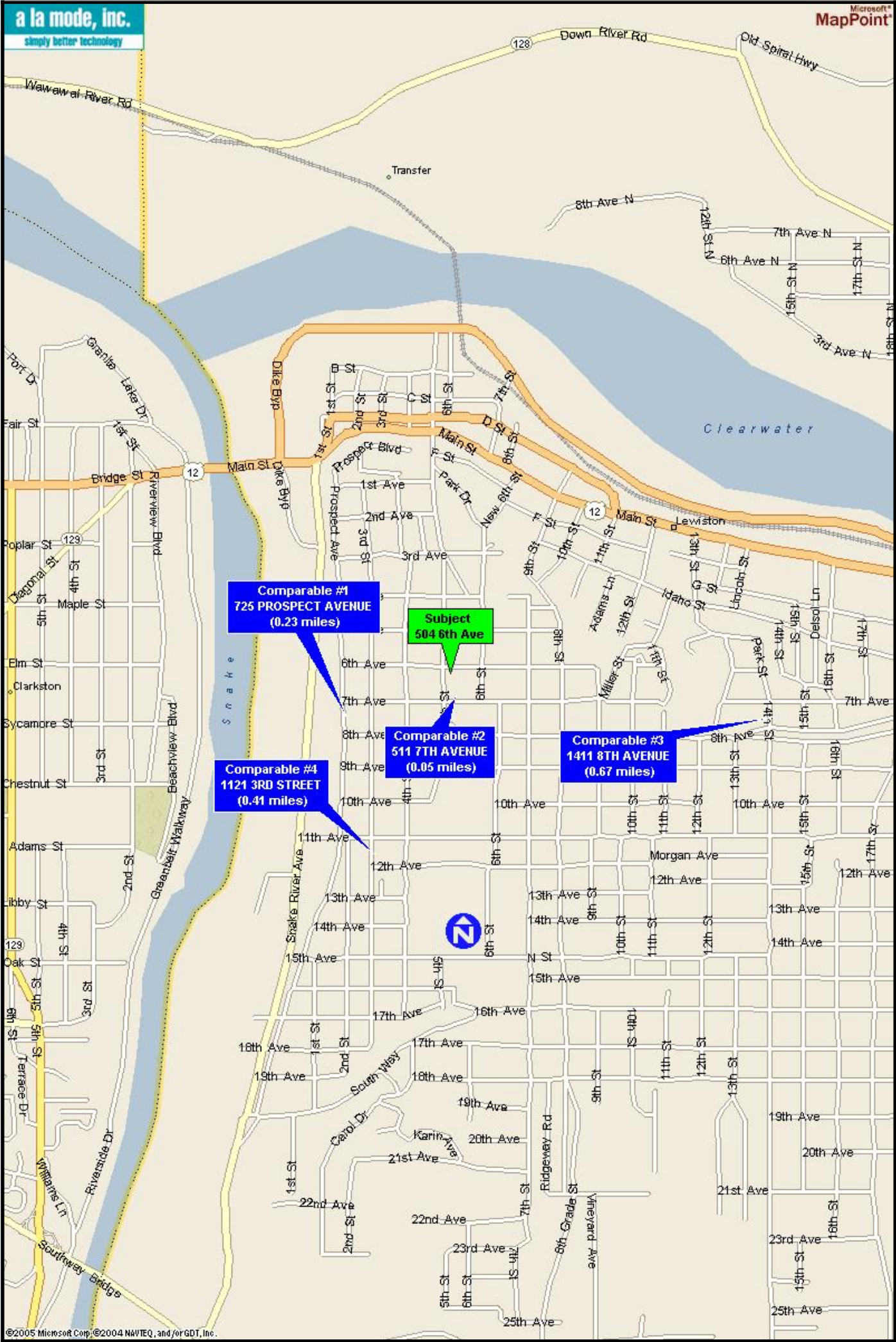
Prox. to Subject	
Sale Price	
Gross Living Area	
Total Rooms	
Total Bedrooms	
Total Bathrooms	
Location	
View	
Site	
Quality	
Age	

Comparable 6

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

Comparable Sales Map

Borrower/Client N/A			
Property Address 504 6th Ave			
City LEWISTON	County NEZ PERCE	State ID	Zip Code 83501-2423
Lender LEWIS-CLARK STATE COLLEGE			



MULTI-PURPOSE SUPPLEMENTAL ADDENDUM
FOR FEDERALLY RELATED TRANSACTIONS

Western Appraisal (208)746-9891

Borrower/Client N/A			
Property Address 504 6th Ave			
City LEWISTON	County NEZ PERCE	State ID	Zip Code 83501-2423
Lender LEWIS-CLARK STATE COLLEGE			

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

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

☒ PURPOSE & FUNCTION OF APPRAISAL

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

☒ EXTENT OF APPRAISAL PROCESS

☒ The appraisal is based on the information gathered by the appraiser from public records, other identified sources, inspection of the subject property and neighborhood, and selection of comparable sales within the subject market area. The original source of the comparables is shown in the Data Source section of the market grid along with the source of confirmation, if available. The original source is presented first. The sources and data are considered reliable. When conflicting information was provided, the source deemed most reliable has been used. Data believed to be unreliable was not included in the report nor used as a basis for the value conclusion.

☒ The Reproduction Cost is based on MARSHALL AND SWIFT ADJUSTED FROM APPRAISER'S FILES AND LOCAL DATA. supplemented by the appraiser's knowledge of the local market.

☒ Physical depreciation is based on the estimated effective age of the subject property. Functional and/or external depreciation, if present, is specifically addressed in the appraisal report or other addenda. In estimating the site value, the appraiser has relied on personal knowledge of the local market. This knowledge is based on prior and/or current analysis of site sales and/or abstraction of site values from sales of improved properties.

☒ The subject property is located in an area of primarily owner-occupied single family residences and the Income Approach is not considered to be meaningful. For this reason, the Income Approach was not used.

☐ The Estimated Market Rent and Gross Rent Multiplier utilized in the Income Approach are based on the appraiser's knowledge of the subject market area. The rental knowledge is based on prior and/or current rental rate surveys of residential properties. The Gross Rent Multiplier is based on prior and/or current analysis of prices and market rates for residential properties.

☐ For income producing properties, actual rents, vacancies and expenses have been reported and analyzed. They have been used to project future rents, vacancies and expenses.

☒ SUBJECT PROPERTY OFFERING INFORMATION

According to OWNER the subject property:

☐ has not been offered for sale in the past: ☐ 30 days ☐ 1 year ☐ 3 years.

☐ is currently offered for sale for \$.

☒ was offered for sale within the past: ☐ 30 days ☒ 1 year ☐ 3 years for \$ 295,000 .

☒ Offering information was considered in the final reconciliation of value.

☐ Offering information was not considered in the final reconciliation of value.

☐ Offering information was not available. The reasons for unavailability and the steps taken by the appraiser are explained later in this addendum.

☒ SALES HISTORY OF SUBJECT PROPERTY

According to OWNER AND COUNTY RECORDS the subject property:

☒ Has not transferred ☐ in the past twelve months. ☒ in the past thirty-six months. ☐ in the past 5 years.

☐ Has transferred ☐ in the past twelve months. ☐ in the past thirty-six months. ☐ in the past 5 years.

☐ All prior sales which have occurred in the past are listed below and reconciled to the appraised value, either in the body of the report or in the addenda.

Date	Sales Price	Document #	Seller	Buyer

☒ FEMA FLOOD HAZARD DATA

☒ Subject property is not located in a FEMA Special Flood Hazard Area.

☐ Subject property is located in a FEMA Special Flood Hazard Area.

Zone	FEMA Map/Panel #	Map Date	Name of Community
C	1601040001B	1/20/1982	

☐ The community does not participate in the National Flood Insurance Program.

☐ The community does participate in the National Flood Insurance Program.

☐ It is covered by a regular program.

☐ It is covered by an emergency program.

☒

CURRENT SALES CONTRACT

☒ The subject property is currently not under contract.

☐ The contract and/or escrow instructions were not available for review. The unavailability of the contract is explained later in the addenda section.

☐ The contract and/or escrow instructions were reviewed. The following summarizes the contract:

Contract Date	Amendment Date	Contract Price	Seller

☐ The contract indicated that personal property was not included in the sale.

☐ The contract indicated that personal property was included. It consisted of Estimated contributory value is \$

☐ Personal property was not included in the final value estimate.

☐ Personal property was included in the final value estimate.

☐ The contract indicated no financing concessions or other incentives.

☐ The contract indicated the following concessions or incentives:

☐ If concessions or incentives exist, the comparables were checked for similar concessions and appropriate adjustments were made, if applicable, so that the final value conclusion is in compliance with the Market Value defined herein.

☒

MARKET OVERVIEW

Include an explanation of current market conditions and trends.

2-3 months is considered a reasonable marketing period for the subject property based on MULTIPLE LISTING STATISTICS. EXPOSURE TIME IS CURRENTLY EQUAL TO MARKET TIME.

☒

ADDITIONAL CERTIFICATION

The Appraiser certifies and agrees that:

(1) The analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice ("USPAP"), except that the Departure Provision of the USPAP does not apply.

(2) Their compensation is not contingent upon the reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

(3) This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

☒

ADDITIONAL (ENVIRONMENTAL) LIMITING CONDITIONS

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

☒

ADDITIONAL COMMENTS

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

☒

APPRAISER'S SIGNATURE & LICENSE/CERTIFICATION

Appraiser's Signature

Effective Date 02/17/2005

Date Prepared 02/28/2005

Appraiser's Name (print) JOSEPH W. SCOTT

Phone # 208-746-9891

State License Certification # TRAINEE

Tax ID # 82-0480131

☒

CO-SIGNING APPRAISER'S CERTIFICATION

☒ The co-signing appraiser has personally inspected the subject property, both inside and out, and has made an exterior inspection of all comparable sales listed in the report. The report was prepared by the appraiser under direct supervision of the co-signing appraiser. The co-signing appraiser accepts responsibility for the contents of the report including the value conclusions and the limiting conditions, and confirms that the certifications apply fully to the co-signing appraiser.

☐ The co-signing appraiser has not personally inspected the interior of the subject property and:

☐ has not inspected the exterior of the subject property and all comparable sales listed in the report.

☐ has inspected the exterior of the subject property and all comparable sales listed in the report.

☐ The report was prepared by the appraiser under direct supervision of the co-signing appraiser. The co-signing appraiser accepts responsibility for the contents of the report, including the value conclusions and the limiting conditions, and confirms that the certifications apply fully to the co-signing appraiser with the exception of the certification regarding physical inspections. The above describes the level of inspection performed by the co-signing appraiser.

☐ The co-signing appraiser's level of inspection, involvement in the appraisal process and certification are covered elsewhere in the addenda section of this appraisal.

☒

CO-SIGNING APPRAISER'S SIGNATURE & LICENSE/CERTIFICATION

Co-Signing Appraiser's Signature

Effective Date 02/17/2005

Date Prepared 02/28/2005

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

Phone # 208-746-9891

State ID License Certification # CRA #148

Tax ID # 82-0480131

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

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

STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION

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

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

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

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.

2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.

3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.

4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.

5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.

6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.

7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.

8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.

9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

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

ADDRESS OF PROPERTY APPRAISED: 504 6th Ave, LEWISTON, ID 83501-2423

APPRAISER:

Signature: Joseph W. Scott
Name: JOSEPH W. SCOTT
Date Signed: 02/28/2005
State Certification #: IN-TRAINING
or State License #: _____
State: _____
Expiration Date of Certification or License: _____

SUPERVISORY APPRAISER (only if required):

Signature: Andy Johansen
Name: ANDY JOHANSEN
Date Signed: 02/28/2005
State Certification #: CRA #148
or State License #: _____
State: IDAHO
Expiration Date of Certification or License: 7/26/2005

☒ Did ☐ Did Not Inspect Property

APPRAISERS EXPERIENCE AND QUALIFICATIONS

NAME: ANDY JOHANSEN (WILLIAM A.)

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

MOSCOW OFFICE
PH 208 883 5387
FAX 208 882 3846

E MAIL andyjo@moscow.com

EDUCATION:

College of Idaho-- BS (Zoology) 1966

Webster University -- MA (Business Management) 1987

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

EMPLOYMENT RECORD:

U.S. Air Force Pilot 1967-1991

Commercial Pilot 1991-1993

Western Appraisals 1993 – present

CERTIFICATIONS, TAX ID, E & O INSURANCE

Idaho Certified Residential Appraiser #148

Washington Certified Residential Appraiser #1700819

Tax ID #82-0480131

E & O—Liability Insurance Administrators policy # LSI006837-001



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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.

5. Disposal of Real Property

- b. Board approval of other transfers

(3) The transfer by an institution, school or agency of any other interest in real property requires prior Board approval.

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