

**BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008**

TAB	DESCRIPTION	ACTION
	FY 2010 BUDGET REQUESTS	
1	Description of Budget Process a) Budget Requests b) Capital Budget Requests	Motions to approve
2	OPTIONAL RETIREMENT PLAN – PROPOSED AMENDMENTS	Motion to approve
3	403(b) PLAN – PROPOSED AMENDMENTS	Motion to approve
4	AMENDMENT TO BOARD POLICY Section V.K., Construction Projects - First Reading	Motion to approve
5	AMENDMENT TO BOARD POLICY Section V.W., Litigation - First Reading	Motion to approve
6	BOISE STATE UNIVERSITY Corporate Sponsorship Agreement – St. Lukes/Elks Rehab Services	Motion to approve
7	BOISE STATE UNIVERSITY Beverage Services Agreement – Swire Pacific Holdings, Inc.	Motion to approve
8	BOISE STATE UNIVERSITY Banking Services Agreement – Wells Fargo Bank	Motion to approve
9	UNIVERSITY OF IDAHO Nancy Cummings Center Project	Motion to approve
10	UNIVERSITY OF IDAHO Interdisciplinary Studio Complex – Art & Architectures Project	Motion to approve

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TAB	DESCRIPTION	ACTION
11	UNIVERSITY OF IDAHO Litigation Collection Action 1	Motion to approve
12	UNIVERSITY of IDAHO Litigation Collection Action 2	Motion to approve
13	UNIVERSITY of IDAHO Litigation Collection Action 3	Motion to approve
14	LEWIS-CLARK STATE COLLEGE Property Purchase – Clearwater Hall	Motion to approve
15	LEWIS-CLARK STATE COLLEGE Property Purchases – Parking Lots	Motion to approve
16	IDAHO STATE UNIVERSITY Alumni House Property Sale/Transfer of Alumni Offices to existing Presidents House/ISU President Housing Allowance	Motion to approve

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SUBJECT

FY 2010 Budget Requests

REFERENCE

April 17, 2008	Instructions to agencies and institutions regarding prioritization of FY 2010 Line Item budget requests
June 19, 2008	Accepted the Line Items requests from the agencies and institutions

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.B.1.
Title 67, Chapter 35, Idaho Code

BACKGROUND/DISCUSSION

As discussed at the June 2008 Board meeting, budget requests are developed in three parts as directed by the Division of Financial Management (DFM) and Legislative Services Office (LSO), in the Budget Development Manual:

- Maintenance of Current Operations (MCO)
- Line Items
- Major Capital Facilities Projects

MCO requests are calculated using standard budget guidelines provided by DFM, LSO, and Board policy, and may include increases for health insurance, Change in Employee Compensation (CEC), inflationary increases for operating expenses, statewide cost allocations (Treasurer, Controller and Risk Management), enrollment workload, and Replacement Capital Outlay items.

Line item requests may be defined by the Board, representing the unique needs of the institutions and agencies and statewide needs. The Line Items are prioritized by the Board for each agency and institution.

Major capital projects approved by the State Board of Education are forwarded to the Permanent Building Fund Advisory Council, which reviews and prioritizes all capital facilities projects statewide.

In addition, some agencies or institutions may have Supplemental Requests, which is a request for additional funding in the current (FY 2009) fiscal year.

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At the April meeting, the Board directed the agencies and institutions to use the following categories in priority order to develop FY 2010 Line Item budget requests:

1. Occupancy Costs
2. Maintenance, Infrastructure, and Critical Operating Expenses
3. Center for Advanced Energy Studies
4. Biomedical Research Initiative with Veterans Affairs Medical Center
5. New or Expanded Programs
6. Enhancements for institution or agency effectiveness, competitiveness, and/or efficiency

At the June meeting, the Board accepted the Line Item requests from the agencies and institutions and directed the Business and Human Resources Committee, in cooperation with DFM, the agencies, and institutions, to develop a list of Line Items in priority order to be approved at the August Board meeting.

Subsequent to the June meeting, the Business Affairs and Human Resources Committee chair worked with staff to develop a preliminary list of Line Items based on the priorities listed above. The preliminary list included funding of all requests for all agencies and institutions listed under the first four categories plus the first few requests for each agency and institution under the last two categories. The resulting list totaled over \$27 million in Line Items with approximately \$23.4 million in ongoing funds. These amounts were compared to the prior year's appropriation for Line Items which totaled over \$16 million of which over \$9.9 million was ongoing. The list is attached as Attachment 1 on page 5. These amounts have been reviewed with DFM and have received their general support. The Board is asked to approve these line items.

Estimates for the total FY 2010 budget requests for each agency and institution have been provided starting on page 7. The FY 2010 budget request starts with the 2010 budget Base. The Base approximates the prior year budget less one-time funding. Next, the estimated amount of increases for the MCO budget are listed which includes items necessary to maintain the same level of effort for things such as inflation, CEC, workload adjustments, and capital replacement. Next, each Line Item is listed. Finally, the total estimated 2010 budget request is shown totaling the Base, MCO and Line Items followed by the total and percentage increases over the Base.

The remaining Line Items that are not included in Attachment 1 are included as Attachment 2 on pages 17-18 and will be forwarded to DFM and LSO without Board prioritization in order to inform DFM and LSO of the total requests of the agencies and institutions.

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IMPACT

Because the MCO portion of a budget request is based on state guidelines and policy-driven calculations, and some of the financial information is not available at the time of agenda publication, the MCO information presented to the Board is an estimate and may change. Also, information such as the Health Benefit Premium was not available at the time of agenda preparation for the June Board meeting where the Line Items were accepted. Subsequently, the FY 2010 Health Benefit Premium has been published in the DFM/LSO Budget Development guidelines and increased by \$900 over the prior year. This will result in an increase in the total amount of the Line Items submitted to DFM and LSO. The Board is requested to authorize the Executive Director to approve the MCO budget requests and total requests, including Line Items, for agencies and institutions due to DFM and LSO on September 1, 2008.

Including prioritization of the Line Items helps DFM and LSO determine which additional services or programs the Board has approved in order for the agency or institution to maintain and/or expand its mission.

ATTACHMENTS

Attachment 1 - Line Items approved and prioritized by the Board	Page 5
Attachment 2 - Line Items not prioritized by the Board	Page 17

STAFF COMMENTS AND RECOMMENDATIONS

The Line Items have been reviewed by the Division of Financial Management, Legislative Services Office, and the agencies and institutions.

Staff recommends approval.

BOARD ACTION

A motion to approve the Line Items for the agencies and institutions as listed in Attachment 1, to forward to the Division of Financial Management and Legislative Services Office the remaining Line Items as listed in Attachment 2, and to authorize the Executive Director to approve the MCO and Line Item budget requests, pending adjustments for increases in the Health Insurance Premium, for agencies and institutions due to DFM and LSO on September 1, 2008 .

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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STATE BOARD OF EDUCATION
FY 2010 Line Items

By Institution/Agency	FY 2009	FY 2010						vs. 2009	Comments	
	Appropriation	Occupancy	Maint.	CAES	Bio-Med	New/ Expanded	Total	One-Time		Approp
System-wide Needs	3,115,000					500,000	500,000		16.1%	Increase HERC Infrastructure Funds
Boise State University	89,148,200	988,400	1,800,000	1,000,000	300,000	676,500	4,764,900		5.3%	Ph.D. in Public Policy
Idaho State University	77,378,100	1,019,000	1,151,200	1,000,000	843,000	260,000	4,273,200	862,200	5.5%	College of Nursing Program Expansion
University of Idaho	99,457,400	722,200	4,019,500	1,000,000	670,000	258,700	6,670,400	314,000	6.7%	Environmental Safety Support
Lewis-Clark State College	16,052,800	480,600				282,600	763,200		4.8%	Teacher Education - PACE
1 College and Universities	285,151,500	3,210,200	6,970,700	3,000,000	1,813,000	1,977,800	16,971,700	1,176,200	6.0%	
College of Southern Idaho	13,169,600	291,300				452,500	743,800	155,400	5.6%	Nursing Position
North Idaho College	11,496,800					939,600	939,600	771,900	8.2%	Upgrade Campus Technology to Standards
College of Western Idaho	5,000,000						0		0.0%	
2 Community Colleges	29,666,400	291,300	0	0	0	1,392,100	1,683,400	927,300	5.7%	
3 Agricultural Research/Extension	28,249,200					700,000	700,000		2.5%	Idaho Center for Livestock/Envir. Studies
WI Veterinary Education	1,774,200						0		0.0%	
WWAMI Medical Education	3,378,400						0		0.0%	
IDEP Dental Education	1,209,300					124,300	124,300		10.3%	Expand IDEP Program
Univ. of Utah Med. Ed.	1,143,600					75,000	75,000		6.6%	Additional Seats
Family Medicine Residencies	1,635,700					714,800	714,800		43.7%	Expand Rural Track, replace one time funds
WICHE	236,800						0		0.0%	
Psychiatry Residencies	81,900					22,900	22,900		28.0%	Increase per HB 312
4 Health Education Programs	9,459,900	0	0	0	0	937,000	937,000	0	9.9%	
Forest Utilization Research	647,700					106,300	106,300		16.4%	Policy Analysis Enhancement
Geological Survey	907,300					155,000	155,000		17.1%	Mission Capability Enhancement
Scholarships and Grants	9,502,500		10,000,000			250,000	10,250,000	10,000,000	107.9%	Opp. Schol., Promise A Scholarship
Museum of Natural History	599,300		1,216,800				1,216,800	651,700	203.0%	Maintenance/Expansion of Museum
Small Bus. Development Centers	324,100					22,100	22,100		6.8%	Energy Efficiency Program
Idaho Council for Economic Ed.	54,700					42,500	42,500	42,500	77.7%	Economic & Financial Education
TechHelp	187,000					105,000	105,000		56.1%	Growth/New Product Development
5 Special Programs	12,222,600	0	11,216,800	0	0	680,900	11,897,700	10,694,200	97.3%	
OSBE - 9th Grade Testing						900,000	900,000			9th Grade Testing (Spring only)
OSBE - ECS Dues per statute						60,500	60,500			ECS Dues per Idaho Code 33-4101
OSBE - Charter School Comm.						14,100	14,100			Charter School .5 FTE; use Group positon
OSBE - College Access Grant						20,000	20,000			1 FTP for federally funded grant program
OSBE - Education Tech. PM							0			FTP Only: use existing Deaf Coordinator
6 State Board of Education	5,127,000	0	0	0	0	974,600	974,600	0	19.0%	
Idaho School for Deaf and Blind	5,392,700						0		0.0%	
Outreach Services	3,111,000						0		0.0%	
7 Idaho School for Deaf and Blind	8,503,700	0	0	0	0	0	0	0	0.0%	
8 Idaho State Historical Society	3,347,200		569,800			159,000	728,800	500,000	21.8%	Craftperson (Misc. Funds)
9 Commission on Libraries	4,269,300					650,900	650,900		15.2%	Read to Me program
State Leadership & Technical Asst.	2,104,100						0		0.0%	
General Programs	12,157,900		1,038,200				1,038,200	708,000	8.5%	Secondary Added, Live Fire Simulator
Post-secondary Programs	39,298,500		89,700			1,106,700	1,196,400	253,500	3.0%	Cap. Building, Postsecondary Expansion
Underprepared Adults	239,100						0		0.0%	
Related Services	1,099,800					85,000	85,000		7.7%	Proprietary Schools
10 Professional-Technical Educaton	54,899,400	0	1,127,900	0	0	1,191,700	2,319,600	961,500	4.2%	
11 Idaho Public Television	3,530,300					314,600	314,600	34,500	8.9%	Idaho Experience Documentaries
Renal Disease	664,900						0		0.0%	
Vocational Rehabilitation	3,464,500						0		0.0%	
State Epilepsy Program	70,300					0	0		0.0%	
Work Services Community Support Err	4,321,200					500,000	500,000		11.6%	Extended Employment Funding
12 Vocational Rehabilitation	8,520,900	0	0	0	0	500,000	500,000	0	5.9%	
13 University of Idaho Law School *						942,596	942,596			
14 Subtotal with Opp. Scholarship	\$ 452,947,400	\$ 3,501,500	\$ 19,885,200	\$ 3,000,000	\$ 1,813,000	\$ 10,421,196	\$ 38,620,896	\$ 14,293,700	8.5%	
15 Opportunity Scholarship			\$ 10,000,000			\$ 942,596	\$ 10,942,596	\$ 10,000,000		
16 Total w/o Law Sch. or Opp. Schol.	\$ 452,947,400	\$ 3,501,500	\$ 9,885,200	\$ 3,000,000	\$ 1,813,000	\$ 9,478,600	\$ 27,678,300	\$ 4,293,700	6.1%	

Total less one-time

\$ 23,384,600

% Increase

* Law School (if approved)

5.2%

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College and Universities
Fiscal Year 2010 Budget Request
Line Items Grouped by Institution in Priority Order

	Institution/Priority/Line Item	FTP	Appropriated	Ongoing
2	Boise State University			
3	FY 2010 Base	1,319.36	89,148,200	89,148,200
4	FY 2010 MCO	10.00	4,719,800	4,270,400
5	1 Maintenance/Infrastructure: Occupancy	5.38	988,400	988,400
6	2 Maintenance/Infrastructure: Office of Information Technology		800,000	800,000
7	3 Maintenance/Infrastructure: Base Operating Funds		1,000,000	1,000,000
8	4 New/Expanded Programs: Center for Advanced Energy Studies (CAES)	8.08	1,000,000	1,000,000
10	5 New/Expanded Programs: Biomedical Research	3.00	300,000	300,000
9	6 New/Expanded Programs: Ph.D in Public Policy	5.00	676,500	676,500
11	Total 2010 Budget Request	1,350.82	98,632,900	98,183,500
12	Total 2010 Increase over Base	31.46	9,484,700	9,035,300
13	Percentage Increase	2.4%	10.6%	10.1%
15	Idaho State University			
16	FY 2010 Base	1,101.52	76,438,900	76,438,900
17	FY 2010 MCO		7,792,600	4,292,600
18	1 Maintenance/Infrastructure: Occupancy	4.16	1,019,000	1,019,000
19	2 Maintenance/Infrastructure: Library Inflation		564,000	564,000
20	3 Maintenance/Infrastructure: ERP Implementation Support	1.00	587,200	0
21	4 New/Expanded Programs: Center for Advanced Energy Studies (CAES)	8.05	1,000,000	1,000,000
22	5 New/Expanded Programs: Biomedical Research Institute	3.00	843,000	843,000
23	6 New/Expanded Programs: College of Nursing Program Expansion	3.00	260,000	260,000
24	Total 2010 Budget Request	1,120.73	88,504,700	84,417,500
25	Total 2010 Increase over Base	19.21	12,065,800	7,978,600
26	Percentage Increase	1.7%	15.8%	10.4%

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College and Universities
Fiscal Year 2010 Budget Request
Line Items Grouped by Institution in Priority Order

	Institution/Priority/Line Item	FTP	Appropriated	Ongoing
28	University of Idaho			
29	FY 2010 Base	1,230.95	101,515,100	101,515,100
30	FY 2010 MCO		7,349,100	7,349,100
31	1 Maintenance/Infrastructure: Occupancy	6.05	722,200	722,200
32	2 Maintenance/Infrastructure: Maintenance	16.00	4,019,500	4,019,500
33	3 New/Expanded Programs: Center for Advanced Energy Studies (CAES)	8.36	1,000,000	1,000,000
34	4 New/Expanded Programs: Biomedical Research	2.30	670,000	420,000
35	5 New/Expanded Programs: Environmental Safety Support	2.00	258,700	194,700
36	Total 2010 Budget Request	1,265.66	115,534,600	115,220,600
37	Total 2010 Increase over Base	34.71	14,019,500	13,705,500
38	Percentage Increase	2.8%	13.8%	13.5%
37	Lewis-Clark State College			
38	FY 2010 Base	308.23	16,368,600	16,368,600
39	FY 2010 MCO		1,739,600	998,100
38	1 Maintenance/Infrastructure: Occupancy	2.31	480,600	
39	2 New/Expanded Programs: Teacher Education - PACE	3.00	282,600	
40	Total 2010 Budget Request	313.54	18,871,400	17,366,700
41	Total 2010 Increase over Base	5.31	2,502,800	998,100
42	Percentage Increase	1.7%	15.3%	6.1%
44	System-wide Needs			
45	FY 2010 Base		3,115,000	3,115,000
46	FY 2010 MCO			
45	1 New/Expanded Programs: Increase HERC Infrastructure Funds		500,000	500,000
46	Total 2010 Budget Request		3,615,000	3,615,000
47	Total 2010 Increase over Base		500,000	500,000
48	Percentage Increase		16.1%	16.1%
49	Total College and Universities			
50	FY 2010 Base	3,960.06	286,585,800	286,585,800
51	FY 2010 MCO	10.00	21,601,100	16,910,200
52	Total Line Items	80.69	16,971,700	16,971,700
53	Total 2010 Budget Request	4,050.75	325,158,600	320,467,700
54	Total 2010 Increase over Base	90.69	38,572,800	33,881,900
55	Percentage Increase	2.3%	13.5%	11.8%

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Community Colleges
Fiscal Year 2010 Budget Request
Line Items Grouped by College in Priority Order

		FTP	General	Ongoing
	Institution/Priority/Line Item			
1	College of Southern Idaho			
2	FY 2010 Base	157.60	13,168,200	13,168,200
3	FY 2010 MCO		487,600	487,600
4	1 Maintenance/Infrastructure: Occupancy	1.65	291,300	291,300
5	2 New/Expanded Programs: Nursing Position	3.40	175,800	99,900
6	3 New/Expanded Programs: Rural Math Science	3.00	276,700	197,200
7	Total 2010 Budget Request	165.65	14,399,600	14,244,200
8	Total 2010 Increase over Base	8.05	1,231,400	1,076,000
9	Percentage Increase	5.1%	9.4%	8.2%
10	North Idaho College			
11	FY 2010 Base	140.70	11,391,800	11,391,800
12	FY 2010 MCO	2.00	100,000	100,000
11	1 Effectiveness, competitiveness, efficiency: Upgrading Campus Technology to Minimum Standard		334,500	334,500
12	2 New/Expanded Programs: Dental Hygiene & Dental Assistant Program	2.50	605,100	167,700
13	Total 2010 Budget Request	145.20	12,431,400	11,994,000
14	Total 2010 Increase over Base	4.50	1,039,600	602,200
15	Percentage Increase	3.2%	9.1%	5.3%
16	College of Western Idaho			
17	FY 2010 Base	32.28	5,000,000	5,000,000
18	FY 2010 MCO	2.00	300,000	100,000
17	No items requested			
18	Total 2010 Budget Request	34.28	5,300,000	5,100,000
19	Total 2010 Increase over Base	2.00	300,000	100,000
20	Percentage Increase	6.2%	6.0%	2.0%

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University of Idaho Ag Research and Extension
Fiscal Year 2010 Budget Request
Line Items Grouped by in Priority Order

	FTP	General	Other Funds	Total
1 Program/Priority/Line Item				
2 Ag Research Extension				
3 FY 2010 Base	373.05	28,249,200	50,000	28,299,200
4 FY 2010 MCO		1,157,900		1,157,900
5 1 New/Expanded Programs: Idaho Center for Livestock and Environmental Studies		700,000		700,000
6 Total 2010 Budget Request	373.05	30,107,100	50,000	30,157,100
7 Total 2010 Increase over Base		1,857,900		1,857,900
8 Percentage Increase	0.0%	6.6%	0.0%	6.6%

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Health Programs Summary
Fiscal Year 2010 Budget Request
Grouped by Program

	FTP	General	Other Funds	Total
Program/Priority/Line Item				
WI Veterinary Education				
FY 2010 Base	6.92	1,774,200	100,000	1,874,200
FY 2010 MCO		61,800		61,800
1 No Line Items Approved				
Total 2010 Budget Request	6.92	1,836,000	100,000	1,936,000
Total 2010 Increase over Base		61,800		61,800
Percentage Increase	0.0%	3.5%	0.0%	3.3%
WWAMI Medical Education				
FY 2010 Base	6.56	3,378,400	343,300	3,721,700
FY 2010 MCO		202,500		202,500
1 No Line Items Approved				
Total 2010 Budget Request	6.56	3,580,900	343,300	3,924,200
Total 2010 Increase over Base		202,500		202,500
Percentage Increase	0.0%	6.0%	0.0%	5.4%
IDEP Dental Education				
FY 2010 Base	3.25	1,209,300	152,700	1,362,000
FY 2010 MCO		56,000		56,000
1 New/Expanded Programs: Expansion of the Idaho Dental Education Program	1.00	103,600	20,700	124,300
Total 2010 Budget Request	4.25	1,368,900	173,400	1,542,300
Total 2010 Increase over Base	1.00	159,600	20,700	180,300
Percentage Increase	30.8%	13.2%	13.6%	13.2%
University of Utah Medical Education				
FY 2010 Base		1,143,600		1,143,600
FY 2010 MCO		55,600		55,600
1 New/Expanded Programs: Additional Seats		75,000		75,000
Total 2010 Budget Request		1,274,200		1,274,200
Total 2010 Increase over Base		130,600		130,600
Percentage Increase		11.4%		11.4%

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Health Programs Summary
Fiscal Year 2010 Budget Request
Grouped by Program

	FTP	General	Other Funds	Total
Program/Priority/Line Item				
WI Veterinary Education				
FY 2010 Base	6.92	1,774,200	100,000	1,874,200
FY 2010 MCO		61,800		61,800
1 No Line Items Approved				
Total 2010 Budget Request	6.92	1,836,000	100,000	1,936,000
Total 2010 Increase over Base		61,800		61,800
Percentage Increase	0.0%	3.5%	0.0%	3.3%
Family Medicine Residencies				
FY 2010 Base	3.65	1,635,700		1,635,700
FY 2010 MCO		100,000		100,000
Effectiveness, competitiveness, efficiency -		145,800		145,800
# Pocatello: Replace one-time funding				
New/Expanded Programs: Expansion of ISU		174,200		174,200
# Rural Track Residency				
Effectiveness, competitiveness, efficiency -Boise:		270,900		270,900
# Replace one-time funding				
4 New/Expanded Programs: Expansion of Boise		123,900		123,900
Rural Track Residency				
Total 2010 Budget Request	3.65	2,450,500		2,450,500
Total 2010 Increase over Base		814,800		814,800
Percentage Increase	0.0%	49.8%		49.8%
WICHE Optometry				
FY 2010 Base		236,800		236,800
FY 2010 MCO		9,000		9,000
No Line Items Requested				
Total 2010 Budget Request		245,800		245,800
Total 2010 Increase over Base		9,000		9,000
Percentage Increase		3.8%		3.8%
Psychiatry Residency Program				
FY 2010 Base		81,900		81,900
FY 2010 MCO				
1 New/Expanded Programs: Additional Seats		22,900		22,900
Total 2010 Budget Request		104,800		104,800
Total 2010 Increase over Base		22,900		22,900
Percentage Increase		28.0%		28.0%

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Special Programs Summary
Fiscal Year 2010 Budget Request
Grouped by Program

	FTP	General	Other Funds	Total
Program/Priority/Line Item				
Forest Utilization Research				
FY 2010 Base	5.75	647,700		647,700
FY 2010 MCO		23,600		23,600
1 New/Expanded Programs: Policy Analysis Enhancement	1.10	106,300		106,300
Total 2010 Budget Request	6.85	777,600		777,600
Total 2010 Increase over Base	1.10	129,900		129,900
Percentage Increase	19.1%	20.1%		20.1%
Idaho Geological Survey				
FY 2010 Base	10.35	907,300		907,300
FY 2010 MCO		39,200		39,200
1 New/Expanded Programs: Mission Capability Enhancement		155,000		155,000
Total 2010 Budget Request	10.35	1,101,500		1,101,500
Total 2010 Increase over Base		194,200		194,200
Percentage Increase	0.0%	21.4%		21.4%
Scholarships and Grants				
FY 2010 Base		10,273,700	440,000	10,713,700
FY 2010 MCO		50,000		50,000
1 Promise A Scholarship Program		250,000		250,000
Total 2010 Budget Request		10,573,700	440,000	11,013,700
Total 2010 Increase over Base		300,000		300,000
Percentage Increase		2.9%	0.0%	2.8%
Idaho Museum of Natural History				
FY 2010 Base	8.50	547,700		547,700
FY 2010 MCO		72,700		72,700
1 Maintenance/Infrastructure: Maintenance and Expansion of the Idaho Museum of Natural History	5.70	1,216,800		1,216,800
Total 2010 Budget Request	14.20	1,837,200		1,837,200
Total 2010 Increase over Base	5.70	1,289,500		1,289,500
Percentage Increase	67.1%	235.4%		235.4%

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Special Programs Summary
Fiscal Year 2010 Budget Request
Grouped by Program

	FTP	General	Other Funds	Total
Program/Priority/Line Item				
29 Idaho Small Business Development Centers				
30 FY 2010 Base	6.80	324,100		324,100
31 FY 2010 MCO		14,044		14,044
1 New/Expanded Programs: Small Business		22,100		22,100
32 Energy Efficiency Program				
33 Total 2010 Budget Request	6.80	360,244		360,244
34 Total 2010 Increase over Base		36,144		36,144
35 Percentage Increase	0.0%	11.2%		11.2%
36 Idaho Council on Economic Education				
37 FY 2010 Base		54,700		54,700
38 FY 2010 MCO		1,600		1,600
1 New/Expanded Programs: Economic & Financial		42,500		42,500
39 Education				
40 Total 2010 Budget Request		98,800		98,800
41 Total 2010 Increase over Base		44,100		44,100
42 Percentage Increase		80.6%		80.6%
43 Tech Help				
44 FY 2010 Base	3.00	187,000		187,000
45 FY 2010 MCO		7,786		7,786
1 New/Expanded Programs: Growth and New	2.00	105,000	105,000	210,000
46 Product Development Initiative				
47 Total 2010 Budget Request	5.00	299,786	105,000	404,786
48 Total 2010 Increase over Base	2.00	112,786	105,000	217,786
49 Percentage Increase	66.7%	60.3%	100.0%	116.5%

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

Agency Summary
Fiscal Year 2010 Budget Request
Line Items Grouped in Priority Order

	FTP	General	Other Funds	Total
Program/Priority/Line Item				
Office of the State Board of Education				
FY 2010 Base	28.00	5,127,000	8,850,800	13,977,800
FY 2010 MCO		200,000	25,600	225,600
1 New/Expanded Programs: 9th Grade Spring		900,000		900,000
2 New/Expanded Programs: ECS Dues per statute		60,500		60,500
3 New/Expanded Programs: Charter Commission	1.00	14,100		14,100
4 New/Expanded Programs: College Access Grant	0.50		20,000	20,000
5 New/Expanded Programs: Ed. Tech. PM	1.00			-
Total 2010 Budget Request	29.00	6,301,600	8,876,400	15,178,000
Total 2010 Increase over Base	1.00	1,174,600	25,600	1,200,200
Percentage Increase	3.6%	22.9%	0.3%	8.6%
Idaho School for the Deaf and the Blind				
FY 2010 Base	93.74	8,396,400	402,800	8,799,200
FY 2010 MCO		686,400	8,100	694,500
No Line Items Requested				
Total 2010 Budget Request	93.74	9,082,800	410,900	9,493,700
Total 2010 Increase over Base		686,400	8,100	694,500
Percentage Increase	0.0%	8.2%	2.0%	7.9%
Professional-Technical Education				
FY 2010 Base	553.27	53,852,200	10,969,500	64,821,700
FY 2010 MCO		2,469,500		2,469,500
1 Maintenance/Infrastructure: Secondary Added Cost Workload Adjustment		330,200		330,200
2 Maintenance/Infrastructure: Capacity Building		89,700		89,700
3 New/Expanded Programs: Proprietary Schools	1.00	85,000		85,000
4 New/Expanded Programs: Postsecondary Program Expansion	11.00	1,106,700		1,106,700
5 Maintenance/Infrastructure: Live Fire Training Simulator		708,000		708,000
Total 2010 Budget Request	565.27	58,641,300	10,969,500	69,610,800
Total 2010 Increase over Base	12.00	4,789,100		4,789,100
Percentage Increase	2.2%	8.9%	0.0%	7.4%

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

Agency Summary
Fiscal Year 2010 Budget Request
Line Items Grouped in Priority Order

		FTP	General	Other Funds	Total
	Program/Priority/Line Item				
26	Idaho Division of Vocational Rehabilitation				
27	FY 2010 Base	151.00	8,495,100	16,549,600	25,044,700
28	FY 2010 MCO		354,700	777,700	1,132,400
29	1 New/Expanded Programs: Extended Employment Funding		500,000		500,000
30	Total 2010 Budget Request	151.00	9,349,800	17,327,300	26,677,100
31	Total 2010 Increase over Base		854,700	777,700	1,632,400
32	Percentage Increase	0.0%	10.1%	4.7%	6.5%
33	Idaho Public Television				
34	FY 2010 Base	33.00	1,833,700	1,008,400	2,842,100
35	FY 2010 MCO		1,095,200	41,800	1,137,000
36	1 New/Expanded Programs: Idaho Experience Documentaries	3.00	314,600		314,600
37	Total 2010 Budget Request	36.00	3,243,500	1,050,200	4,293,700
38	Total 2010 Increase over Base	3.00	1,409,800	41,800	1,451,600
39	Percentage Increase	9.1%	76.9%	4.1%	51.1%
40	Idaho State Historical Society				
41	FY 2010 Base	49.00	2,768,200	2,342,300	5,110,500
42	FY 2010 MCO		199,200	107,800	307,000
43	1 Effectiveness, competitiveness, efficiency: Community Enhancement Grants		50,000		50,000
44	2 Effectiveness, competitiveness, efficiency: Development Director	1.00	109,000		109,000
45	3 Maintenance/Infrastructure: Website Redesign		30,000		30,000
46	4 Maintenance/Infrastructure: Historic Structures Maintenance Craftsperson	1.00		39,800	39,800
47	5 Maintenance/Infrastructure: Compact mobile shelving		500,000		500,000
48	Total 2010 Budget Request	51.00	3,656,400	2,489,900	6,146,300
49	Total 2010 Increase over Base	2.00	888,200	147,600	1,035,800
50	Percentage Increase	4.1%	32.1%	6.3%	20.3%
51	Idaho Commision for Libraries				
52	FY 2010 Base	45.50	3,919,500	1,596,600	5,516,100
53	FY 2010 MCO		308,100	12,000	320,100
54	1 New/Expanded Programs: Read to Me	1.00	650,900		650,900
55	Total 2010 Budget Request	46.50	4,878,500	1,608,600	6,487,100
56	Total 2010 Increase over Base	1.00	959,000	12,000	971,000
57	Percentage Increase	2.2%	24.5%	0.8%	17.6%

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

College and Universities
Fiscal Year 2010 Remaining Line Items Requested
Grouped by Agency/Institution

		FTP	General
Agency/Institution			
1	Boise State University		
2	4 New/Expanded Programs: Research Partnerships	2.00	700,000
3	6 Effectiveness, competitiveness, and efficiency: Research Support Staff	8.00	696,000
4	Idaho State University		
5	4 New/Expanded Programs: College of Pharmacy Meridian Expansion	3.00	402,100
6	5 New/Expanded Programs: Biomedical Research Institute	7.50	800,000
7	6 New/Expanded Programs: Clinical Lab Sciences	3.00	610,000
8	7 New/Expanded Programs: Institute for Mesoamerican Research	3.00	221,200
9	8 New/Expanded Programs: ISU Dental Hygiene Program to Idaho Falls	1.50	109,600
10	11 New/Expanded Programs: Early College Training Programs	1.00	148,500
11	12 New/Expanded Programs: Online Speech/Language Pathology Program	2.00	185,300
12	13 New/Expanded Programs: Counseling PhD Boise Expansion	1.00	195,400
13	14 New/Expanded Programs: Respiratory Therapy Clinical Coordinator/Instructor	1.00	93,400
14	15 New/Expanded Programs: Paramedic Instructor/Human Simulation Lab Coordinator	1.00	86,500
15	University of Idaho		
16	1 Effectiveness, competitiveness, efficiency: Salary Enhancements		4,150,000
17	6 New/Expanded Programs: Security Audit		125,000
18	7 New/Expanded Programs: Graduate Assistants		1,300,000
19	8 Effectiveness, competitiveness, efficiency: Finance and Administration support	3.00	206,500
20	9 Effectiveness, competitiveness, efficiency: Research Compliance Officer	1.00	123,300
21	Lewis-Clark State College		
22	3 New/Expanded Programs: Biology Faculty	2.00	145,200
23	North Idaho College		
24	3 New/Expanded Programs: Dual Enrollment IVC Improvement		320,000
25	4 New/Expanded Programs: eLearning Improvement	1.00	261,500

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

College and Universities
Fiscal Year 2010 Remaining Line Items Requested
Grouped by Agency/Institution

		FTP	General
	Agency/Institution		
26	Ag Research Extension		
27	1 Salary Enhancement		1,006,000
28	WI Veterinary Education		
29	1 Salary Enhancement		22,000
30	WWAMI Medical Education		
31	1 Salary Enhancement		29,000
32	Forest Utilization Research		
33	1 Salary Enhancement		15,000
34	3 New/Expanded Programs: Expanded Programs	2.00	137,500
35	Idaho Geological Survey		
36	1 Salary Enhancement		35,000
37	3 New/Expanded Programs: Web-Site Redesign and Upgrade		13,000
38	Professional-Technical Education		
39	6 Effectiveness, competitiveness, efficiency: Instructional Equipment		498,900
40	Idaho Division of Vocational Rehabilitation		
41	2 New/Expanded Programs: Female DOC Counselor Funding		125,000
42	3 New/Expanded Programs: Expand Outreach Services		35,000
43	Idaho Public Television		
44	2 New/Expanded Programs: Idaho Legislature Live/Multimedia Personnel	2.00	120,000
45	Idaho State Historical Society		
46	3 Effectiveness, competitiveness, efficiency: Records Study		60,000
47	5 Effectiveness, competitiveness, efficiency: Communications and Marketing Program		100,000
48	6 Effectiveness, competitiveness, efficiency: Collections development and stewardship		80,000
49	9 Effectiveness, competitiveness, efficiency: Digital Scanner		130,000

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

SUBJECT

FY10 Capital Budget Requests

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.B.8.c.

BACKGROUND/DISCUSSION

Capital projects are considered and recommended by the Permanent Building Fund Advisory Council (PBFAC), the capital projects request process is separate from the operating budget request process. The PBFAC (staffed by the Division of Public Works (DPW)), has several major areas of focus: new, renovated or remodeled projects; Americans with Disabilities Act (ADA) projects; asbestos abatement/removal, and building demolition. The State Board of Education reviews and prioritizes major capital projects (as defined by DPW) only, and the DPW staff determines priorities for the remaining areas, such as renovations/remodels.

Major capital projects approved by the State Board of Education are forwarded to the Permanent Building Fund Advisory Council, which reviews and prioritizes all capital projects statewide. The legislature appropriates funds to DPW specifically for major capital projects and makes available funding for renovation and repair and other projects statewide. The Governor also makes a recommendation regarding major capital projects to the legislature.

In the last few years the Board has chosen to not prioritize or recommend any capital facilities to the Permanent Building Fund, requesting that all funding efforts be directed primarily toward Alternation & Repairs, asbestos abatement, and other non-major capital items.

Institutions and agencies have prepared and submitted their FY 2010 capital budget requests to the Board office and DPW, as shown on Page 3.

IMPACT

Only Board-approved major capital projects can be forwarded to the PBFAC. The PBFAC, Governor and Legislature will then be informed of the Board's emphasis based upon the priorities indicated (if any), at the Board's discretion.

ATTACHMENTS

Attachment 1 – FY10 Major Capital Request Summary	Page 3
Attachment 2 – Capital Project Summaries for agencies & institutions	Page 5

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

STAFF COMMENTS AND RECOMMENDATIONS

Projects listed on the following schedule have been prioritized by each institution or agency. Many of these projects were included in the FY 2009 institution request list. The legislature appropriated over \$20 million in major capital projects for FY 2009.

The Board may recommend some or all of the projects to the Permanent Building Fund Advisory Council for consideration at its October 2008 meeting, or recommend no major capital facilities for FY 2010 and have the PBFAC concentrate upon Alteration and Repair and other non-major projects. Previous discussions of the Board have concluded that a project's past ranking on any list should not influence future decisions about where that project should be ranked. Another option available to the Board is to recommend a portion of a project or projects, for planning and design in FY 2010.

BOARD ACTION

This item is for informational purposes only. Any action, including prioritizing the major capital projects requested, will be at the Board's discretion.

SAMPLE MOTION, IF NEEDED:

A motion to recommend to the Permanent Building Fund Advisory Council the following major capital project(s), in priority order, for consideration in the FY 2010 budget process, and to forward, for information purposes only, the current list of projects to the Permanent Building Fund Advisory Council so it is aware of the ongoing needs of the institutions.

- | | | |
|----|-------|------------------------------|
| 1. | _____ | <select from Tab 1b, Page 3> |
| 2. | _____ | " |
| 3. | _____ | " |
| 4. | _____ | " |

Moved by _____ Seconded by _____ Carried Yes _____ No _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

State Board of Education
FY10 Major Capital Request Summary
(\$ in 000's)

Board Priority	Institution/Agency & Project	Detail Page	Total Project Cost		FY 2010 Request
			Perm. Building Fund	Total Funds	
1	Boise State University				
2	1 Science Research Building - Planning and Design	5	30,000.0	62,000.0	500.0
3	2 Research Vivarium	8	7,000.0	7,000.0	7,000.0
4	3 Science Research Building - Construction	11	30,000.0	62,000.0	30,000.0
5	Idaho State University				
6	1 Addition to and Renovation of the Life Science Complex	15	34,199.4	34,199.4	34,199.4
7	2 Addition to Family Medicine Clinic	16	14,208.0	14,208.0	14,208.0
8	3 New Idaho Museum of Natural History Building	17	22,444.0	22,444.0	22,444.0
9	University of Idaho				
10	1 Northern Idaho Classroom/Office Facility (Planning/Pre-Design)	19	4,515.0	9,030.0	4,094.2
11	2 Science & New Technologies Laboratory/Interdisciplinary Research & Education Facility (Planning/Pre-Design)	22	14,107.5	75,613.1	5,000.0
12	Lewis-Clark State College				
13	1 Upgrade and Renovate Talkington Hall	27	2,730.0	2,730.0	2,730.0
14	2 Upgrade and Renovation of Administration Building- Phase I (Silverthorne Theatre)	29	700.0	1,100.0	700.0
15	North Idaho College				
16	1 Seiter Hall Remodel/Renovation	31	4,345.0	4,345.0	4,345.0
17	2 Professional Technical Building	32	15,431.4	15,431.4	15,431.4
18	Eastern Idaho Technical College				
19	1 Construct parking lot for new Health Care Bldg	33	900.0	900.0	900.0
20	Idaho State Historical Society				
21	1 Expansion and renovation of the Idaho State Historical Museum, Boise	35	10,000.0	14,000.0	5,000.0
22	Total		\$ 190,580.3	\$ 325,000.9	\$ 146,552.0

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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

1. PROJECT DESCRIPTION AND JUSTIFICATION

The proposed building will be the second of a new four-building science and engineering complex in the southeast expansion zone. The first, the Center for Environmental Science and Economic Development, is currently in design.

Consistent with the 2005 Campus Master Plan, the new science research building will be part of a science and engineering complex designed to promote interdisciplinary research, education, and outreach. Each building of the complex will include science and engineering laboratories and facilities appropriate to specific interdisciplinary topic areas, with departmental culture preserved in office clusters. The buildings will be planned to promote collaboration between scientists and engineers on important research problems. Laboratories and work areas will be an open design with state-of-the-art flexibility to permit rapid and inexpensive reconfiguration in response to changes in research participants, project needs, and extramural funding.

Current thinking is that this second new building will focus on biomolecular science. Portions of the following existing departments will be included: Biology, Chemistry, Physics, Materials Science Engineering, Electrical and Computer Engineering and Computer Science. Collaborative areas of research will include molecular biology, biochemistry, biophysics, biomaterials and bioinformatics. Boise State's new PhD in Biomolecular Science will be centered in this building. In addition to planning the building, the future relationships and interactions of all science and engineering departments will be examined to determine the optimum set of adjacencies in the four building complex. This planning will help insure that decisions regarding the particular building design will support the holistic vision put forth in the Master Plan of an integrated science and engineering complex.

2. PROJECT COMPONENTS

This proposed facility blends academic and research units from Biology, Chemistry, Physics, Materials Science Engineering, Electrical and Computer Engineering and Computer Science. The new building will support graduate and undergraduate academic programs in these disciplines, and promote interdisciplinary research. Program elements for this project include core research facilities such as vivarium functions, protein sequence analysis, teaching and research laboratories, faculty offices, offices for lab technicians, administrative and staff offices, and office space for graduate students.

3. ALTERNATIVES

Modular facilities could possibly be utilized to provide additional research, classrooms and offices, but the use of these temporary structures should only be

considered to meet the short-term needs for the institution. It would not be prudent to utilize modular buildings for research or class laboratory space. The University has purchased land in the expansion zone to accommodate this new facility. Investing in temporary modulars would not be cost effective nor would it meet academic and research needs.

4. VACATED SPACES

In addition to providing up-to-date laboratory, classroom, and office space for several academic departments, this project would permit departments to vacate some space currently occupied in other campus buildings. These spaces would be made available to meet the critical classroom and faculty office space needs of the other growing departments such as English, History, Education and others. Because planning is in the early stages, the precise amount of space to be vacated is not defined. The expansion and relocation of these departments into vacated spaces in the historic center of campus is consistent with the Master Plan, which calls for that area to become a center for liberal arts education and research.

**BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008**

OFFICE OF THE STATE BOARD OF EDUCATION

**SET A
PROJECT SUMMARY**

Project Title: Research Vivarium

Institution/Agency: Boise State University

Brief Description: Boise State University's Master Plan outlines the growth in the Southeast expansion area of science and engineering facilities supporting the University Strategic Plan. The requested funds will support the construction of a research vivarium that will support researchers in the fields of biomedicine, biomolecular science, and behavioral ecology.

Project Scope: 5,600 NASF 10,000 GSF

Estimated Total Cost: \$7,000,000

Date Approved by State Board of Education: This is the first request for this project.

Source of Construction Funds (by fund source and amount):

Total Project Cost

<u>Fund Source</u>	<u>Amount</u>
Permanent Building Fund	\$7,000,000

Previous Appropriations

<u>Fund Source</u>	<u>Amount</u>
N/A	N/A

Budget Year Request

<u>Fund Source</u>	<u>Amount</u>
Permanent Building Fund	\$7,000,000

1. PROJECT DESCRIPTION AND JUSTIFICATION

The Boise State University Research Vivarium (BSURV) will be designed to meet the needs of Boise State researchers working in the areas of biomedicine, biomolecular science, and behavioral ecology. Biomedical and biomolecular researchers at BSU use animal models in biomedical research programs to address such topics as tumor progression, cardiotoxic side effects of chemotherapy, Alzheimer's Disease, Rett Syndrome, arthritis, asthma, bioimaging, vaccine development, biocompatible polymers, and tissue regeneration. Behavioral ecologists at BSU focus their studies on birds, particularly on raptors, to address problems such as endangered species conservation, migration, and effects of stress.

In accordance with Boise State University's vision to become a Metropolitan Research University of Distinction, we continue to expand infrastructure, increase funding levels, and increase faculty numbers associated with biomedical, biomolecular, and behavioral ecology research. Presently, however, there is no animal care facility on campus. Instead, researchers must house research animals at distant sites. In some cases promising avenues of research can not be undertaken due to the limitation related to vivarium needs.

Key in the continued development of our research efforts, therefore, is the construction of a research vivarium. With a newly developed vivarium space, (i) we will pursue more research projects of greater variety, (ii) we will collaborate in more multidisciplinary research programs, and (iii) we will recruit outstanding faculty members and students. The presence of a vivarium will increase our competitiveness to attract extramural funding, increase the productivity and efficiency of our research, and increase our ability to address national health and science needs.

Consistent with the 2005 Campus Master Plan, the BSURV will be designed to compliment the planned science and engineering complex. Studies to be undertaken for the next science research building (described in a separate FY 2010 Set A request) will explore a range of options in providing this function.

2. PROJECT COMPONENTS

This proposed facility will contain four primary components:

- Animal holding space, which will consist a least one room for each species to be held and will include a barrier-protected area that will include a room for immuno compromised mice.
- Animal support space, consisting of procedure rooms, surgery rooms, a necropsy room, a loading dock, a cleaning facility, a quarantine room, and a loading dock.
- Staff Support Space, consisting of an office, restrooms, showers

3. ALTERNATIVES

There are no known alternatives to providing this space on campus. If researchers rely on collaborators at distant sites, they cannot perform ongoing experiments and students cannot be engaged in the research efforts. If researchers rely on housing animals at distant sites, they are limited by the capacity of these facilities and they will be limited in their ability to make use of freshly harvested tissues in their research. If they simply terminate research projects that involve studies on captive animals, they will have placed severe limits on diversity and number of research projects they can conduct.

4. VACATED SPACES

Because Boise State does not presently have a fully functional vivarium, there will be no space vacated as a result of the construction of the BSURV.

**BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008**

OFFICE OF THE STATE BOARD OF EDUCATION

**SET A
PROJECT SUMMARY**

Project Title: Construction for Science Research Building
Boise Campus

Institution/Agency: Boise State University

Brief Description: Boise State University's Master Plan outlines the growth in the Southeast expansion area of science and engineering facilities supporting the Strategic Plan. The requested funds will pay for preliminary planning and design of the second of four new science buildings currently envisioned. Intermediate level planning to insure the coordination of this building with the final build out of the science and engineering area will also be incorporated.

Project Scope: 60,000 NASF 100,000 G&S

Estimated Total Cost: \$62,000,000

Date Approved by State Board of Education: This is the first request for this project.

Source of Construction Funds (by fund source and amount):

Total Project Cost

<u>Fund Source</u>	<u>Amount</u>
Permanent Building Fund	\$30,500,000
Other Funding (Gifts and University Financing)	\$31,500,000

Previous Appropriations

<u>Fund Source</u>	<u>Amount</u>
N/A	N/A

<u>Fund Source</u>	<u>Budget Year Request</u>	<u>Amount</u>
Permanent Building Fund		\$30,000,000

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

1. PROJECT DESCRIPTION AND JUSTIFICATION

The proposed building will be the second of a new four-building science and engineering complex in the southeast expansion zone. The first, the Center for Environmental Science and Economic Development, is currently in design.

Consistent with the 2005 Campus Master Plan, the new science research building will be part of a science and engineering complex designed to promote interdisciplinary research, education, and outreach. Each building of the complex will include science and engineering laboratories and facilities appropriate to specific interdisciplinary topic areas, with departmental culture preserved in office clusters. The buildings will be planned to promote collaboration between scientists and engineers on important research problems. Laboratories and work areas will be an open design with state-of-the-art flexibility to permit rapid and inexpensive reconfiguration in response to changes in research participants, project needs, and extramural funding.

Current thinking is that this second new building will focus on biomolecular science. Portions of the following existing departments will be included: Biology, Chemistry, Physics, Materials Science Engineering, Electrical and Computer Engineering and Computer Science. Collaborative areas of research will include molecular biology, biochemistry, biophysics, biomaterials and bioinformatics. Boise State's new PhD in Biomolecular Science will be centered in this building. In addition to planning the building, the future relationships and interactions of all science and engineering departments will be examined to determine the optimum set of adjacencies in the four building complex. This planning will help insure that decisions regarding the particular building design will support the holistic vision put forth in the Master Plan of an integrated science and engineering complex.

2. PROJECT COMPONENTS

This proposed facility blends academic and research units from Biology, Chemistry, Physics, Materials Science Engineering, Electrical and Computer Engineering and Computer Science. The new building will support graduate and undergraduate academic programs in these disciplines, and promote interdisciplinary research. Program elements for this project include core research facilities such as vivarium functions, protein sequence analysis, teaching and research laboratories, faculty offices, offices for lab technicians, administrative and staff offices, and office space for graduate students.

3. ALTERNATIVES

Modular facilities could possibly be utilized to provide additional research, classrooms and offices, but the use of these temporary structures should only be

considered to meet the short-term needs for the institution. It would not be prudent to utilize modular buildings for research or class laboratory space. The University has purchased land in the expansion zone to accommodate this new facility. Investing in temporary modulars would not be cost effective nor would it meet academic and research needs.

4. VACATED SPACES

In addition to providing up-to-date laboratory, classroom, and office space for several academic departments, this project would permit departments to vacate some space currently occupied in other campus buildings. These spaces would be made available to meet the critical classroom and faculty office space needs of the other growing departments such as English, History, Education and others. Because planning is in the early stages, the precise amount of space to be vacated is not defined. The expansion and relocation of these departments into vacated spaces in the historic center of campus is consistent with the Master Plan, which calls for that area to become a center for liberal arts education and research.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

CAPITAL BUDGET REQUEST
FY 2010

Capital Improvement Project Description
(New Buildings, Additions or Major Renovations)

AGENCY: Idaho State University

AGENCY PROJECT PRIORITY: 1

PROJECT DESCRIPTION/LOCATION: : Renovation and Addition to the Life Science Complex

CONTACT PERSON: Darrell Buffaloe

TELEPHONE: 282-2209

PROJECT JUSTIFICATION:

(A) Concisely describe what the project is. Renovate existing four buildings in the Life Science Complex and add 40,000 GSF to Life Science A. Remove asbestos from Life Science D

(B) What is the existing program and how will it be improved? The buildings are 37 years old and many of the laboratories are functionally obsolete. The additional space is needed to support new biological faculty members and to support the Biomedical Research Institute.

(C) What will be the impact on your operating budget? There will be an increase in utility, maintenance, and custodial costs associated with the new space.

(D) What are the consequences if this project is not funded? Faculty will continue doing research and teaching in substandard laboratory facilities. The Biomedical Research Institute will be spread throughout the campus.

ESTIMATED BUDGET:

Land	\$ 0
A/E fees	\$2,801,600
Construction	\$28,016,000
5% Contingency	\$1,400,800
F F & E	\$1,981,000
Other	0
Total	\$ 34,199,400

FUNDING:

PBF	\$ 34,199,400
General Account	
Agency Funds	
Federal Funds	
Other	
Total	\$ 34,199,400

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

CAPITAL BUDGET REQUEST
FY 2010

Capital Improvement Project Description
(New Buildings, Additions or Major Renovations)

AGENCY: Idaho State University

AGENCY PROJECT PRIORITY: 2

PROJECT DESCRIPTION/LOCATION: Addition to the Family Medicine Building

CONTACT PERSON: Darrell Buffaloe

TELEPHONE: 282-2209

PROJECT JUSTIFICATION:

(A) Concisely describe what the project is. Add 40,000 GSF of space to the Family Medicine Building

(B) What is the existing program and how will it be improved? The Family Medical and Dental Residency programs are located in this building. The Idaho Dental Program and the Dental Hygiene Program will vacate the old, dilapidated buildings they occupy and move into the new space.

(C) What will be the impact on your operating budget? The operating budget should remain the same. The two buildings housing the Dental Hygiene Program will be demolished.

(D) What are the consequences if this project is not funded? The dental program will continue to teach and train dental students in substandard facilities.

ESTIMATED BUDGET:

Land	\$ 0
A/E fees	\$1,200,000
Construction	\$12,000,000
5% Contingency	\$600,000
F F & E	\$408,000
Other	0
Total	\$ 14,208,000

FUNDING:

PBF	\$ 14,208,000
General Account	
Agency Funds	
Federal Funds	
Other	
Total	\$ 14,208,000

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

CAPITAL BUDGET REQUEST
FY 2010

Capital Improvement Project Description
(New Buildings, Additions or Major Renovations)

AGENCY: Idaho State University

AGENCY PROJECT PRIORITY: 3

PROJECT DESCRIPTION/LOCATION: New Idaho Museum of Natural History Building

CONTACT PERSON: Darrell Buffaloe

TELEPHONE: 282-2209

PROJECT JUSTIFICATION:

(A) The Idaho Museum of Natural History is located in the old university library. The current building does not provide for adequate environmental and display requirements required for the museum collections. Many of the artifacts stored in this facility cannot be replaced.

(B) What is the existing program and how will it be improved? This project will provide space for education, research, storage, and display of artifacts of significant importance to the citizens of Idaho.

(C) What will be the impact on your operating budget? An operating and occupancy budget must be established to support the extra 62,000 GSF added to the program.

(D) What are the consequences if this project is not funded? Priceless natural history artifacts will continue to be stored in inadequate space. The public will not have the access to the museum materials that would be possible with a new building.

ESTIMATED BUDGET:

Land	\$ <u>0</u>
A/E fees	\$1,860,000
Construction	\$18,600,000
5% Contingency	\$930,000
F F & E	\$1,054,000
Other	0
Total	\$ 22,444,000

FUNDING:

PBF	\$ 22,444,000
General Account	
Agency Funds	
Federal Funds	
Other	
Total	\$ 22,444,000

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OFFICE OF THE STATE BOARD OF EDUCATION

SET A

PROJECT SUMMARY

Project Title: Northern Idaho Education and Innovation Center

Institution/Agency: University of Idaho

Brief Description:

The University of Idaho has the responsibility of delivering education, outreach, and research programs across the State of Idaho. With the tremendous growth in the northern part of the state, there is an ever increasing demand for University of Idaho programs and course delivery. We anticipate the need for an additional facility in the Coeur d' Alene vicinity to meet the classroom and office needs for expanding university programs. This facility will support collaborative programs that provide increased access to education and that ensure relevant education, training, and information services are available in the northern Idaho region. The facility will also enhance regional and statewide economic development by supporting comprehensive educational offerings for building, attracting, and retaining a highly skilled workforce.

Project Scope:	NASF	GSF
Building size:	~24,000	~32,000
Site and utility infrastructure		
Furnishings, Fixtures and Equipment		
All project fees and related expenses		

Estimated Total Cost: \$9,030,000

Date Approved by State Board of Education:

First request, July 2006 *(Note: As the Northern Idaho Classroom and Office Facility)*

Second request, July 2007

Third request, July 2008

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Source of Construction Funds (by fund source and amount):

<u>Fund Source</u>	<u>Total Project Cost</u>	<u>Amount</u>
Permanent Building Fund		\$4,515,000
Other (private) sources		<u>\$4,515,000</u>
	Total:	\$9,030,000

<u>Fund Source</u>	<u>Previous Appropriations</u>	<u>Amount</u>
Permanent Building Fund (FY 09)		\$420,800

<u>Fund Source</u>	<u>Budget Year Request</u>	<u>Amount</u>
Permanent Building Fund		\$4,094,200

1. PROJECT DESCRIPTION AND JUSTIFICATION

The University, in collaboration with other state institutions and the City of Coeur d' Alene, envisions the creation of an education corridor along the Spokane River in Coeur d'Alene in the vicinity of the North Idaho College campus. Since 2002, the Board of Regents of the University of Idaho has leased approximately 7 acres with an office building known as Harbor Center. This property is within the education corridor and has been used to provide higher education programs in northern Idaho by the University of Idaho as well as LCSC, ISU, and BSU. Higher education program growth in the region will be concentrated in this education corridor. Expanded facilities are needed to serve the burgeoning population and the corresponding growing demand for higher education services in the region. The collaboration of the co-located institutions increases local access to students at all levels of higher education.

Pending approval by the SBOE, the UI will establish a 99 year site lease for the Harbor Center land and buildings which will provide the land within the educational corridor to build a new facility. This new facility will allow the University of Idaho to serve the program needs of citizens in the area, in accordance with its institutional role-and-mission statements. The proximity of this land and facility to North Idaho College is a major advantage since it provides the ability to leverage the existing extensive facilities of NIC and to develop collaborative joint programs with NIC faculty and staff.

2. PROJECT COMPONENTS

This facility will be approximately 32,000 square feet and will house classrooms and faculty and staff offices, along with ancillary support spaces. The preliminary cost estimate for the building is \$9,030,000. The State provided \$420,800 in FY09 funding to support initial programming and pre-design work. Work products from this pre-design phase will include detailed program definition, site analysis and feasibility review, infrastructure needs and impacts, room data sheets, adjacency diagrams, and a refined project cost estimate. Graphical materials will also

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be generated to assist in private fundraising efforts in support of the project. The remainder of the state funding for the project requested at this time, along with the private funding for the project, will support completion of the design, and the subsequent construction of the facility.

The facility will be designed and constructed in such a manner to support the potential future expansion of the building to accommodate an executive education and leadership center. Such additional program space would include a tiered classroom, various breakout rooms, as well as reception and kitchen/dining services. The executive education element would be funded through private donations, above and beyond the basic \$9M project described herein, and would be subject to further review and approval of the Board of Regents.

3. VACATED SPACE

It is not anticipated that space at Harbor Center currently occupied by the University of Idaho and other higher education institutions will be vacated upon completion of the proposed facilities. Rather, the new space created by these facilities will allow for expansion of programs that meet the needs of citizens in this important geographic region of the state.

OFFICE OF THE STATE BOARD OF EDUCATION

SET A

PROJECT SUMMARY

Project Title: Science and New Technologies / Interdisciplinary Research & Education Facility (Planning/Pre-Design)

Institution/Agency: University of Idaho

Brief Description:

The Science and New Technologies / Interdisciplinary Research & Education Facility project involves construction of a new laboratory facility providing modern, well-equipped spaces supporting a broad range of undergraduate and graduate instructional and research programs in selected scientific and technical disciplines at the university. The facility will be designed to foster interdisciplinary collaboration and interaction and will include flexible systems and support infrastructure, allowing reconfiguration of spaces supporting changes in programs and research needs over time. The initial phase of the project will include a comprehensive building and system assessment that will be used to define the overall scope of the project and prepare a refined cost estimate.

Project Scope:	NASF	GSF
Building size:	65,000-75,000	100,000-115,000
Site and Utility infrastructure		
All project fees and related expenses		
Fixed Research Equipment		
<i>Movable Furnishings, Fixtures and Equipment NIC</i>		

Estimated Total Cost: \$75,613,100 (2008 Dollars)

Date Approved by State Board of Education:

First request, July 1999
Second request, July 2000
Third request, July 2001
Fourth request, July 2002
Fifth request, July 2003
Sixth request, July 2004
Seventh request, July 2005
Eighth request, July 2006
Ninth Request, July 2007
Tenth Request, July 2008

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Source of Construction Funds (by fund source and amount):

<u>Fund Source</u>	<u>Total Project Cost</u>	<u>Amount</u>
Permanent Building Fund		\$14,107,500
Federal Funding		\$892,500
Other Funding (inc Bond Financing & Gifts)		<u>\$60,613,100</u>
Total (2008 Dollars)		\$75,613,100

<u>Fund Source</u>	<u>Previous Appropriations</u>	<u>Amount</u>
Fed FY05 Federal Funding		\$892,500

<u>Fund Source</u>	<u>Budget Year Request</u>	<u>Amount</u>
Permanent Building Fund		\$5,000,000

1. PROJECT DESCRIPTION AND JUSTIFICATION

As the land grant university for the State of Idaho, the University of Idaho places emphasis on problems and challenges facing Idaho and Idahoans. In both undergraduate and graduate education disciplines, especially in scientific and technical fields, enrollment growth and focus upon the university's interdisciplinary programs is leading to a need for additional modern, technically-equipped laboratory and support space. Further, as Idaho's research university, the UI is a main force for research and development in the state with emphasis on selected areas that are key to the economic health and development of Idaho industry. Areas of emphasis in which laboratory space is critical are: Food and Fiber Production, Molecular Biology, Environmental Sciences and Technology, Materials Science, Infrastructure/Construction and Transportation, Computing/Software Systems, and Telecommunications.

The university sought, and received, a federal FY 05 grant to allow the university to conduct an initial, predesign Technical Analysis and Feasibility Study for this project effort. In the fall of 2006, the university selected NBBJ architects to assist the university and to conduct that analysis and study via a Request for Qualifications process. Over the course of the past 18 months, the university the consultant have been through an exhaustive and detailed process that included an audit and assessment of existing science and research facilities, an audit and assessment of building level and campus level infrastructure systems to determine the capacity to support the desired program of research, site selection, programmatic analysis, research team composition and optimization, desired levels of occupancy in the proposed structure, etc. NBBJ delivered their final report and recommendations in early June 2008. This request captures the recommendations and results of the Technical Analysis and Feasibility Study.

This project addresses the specialized laboratory needs of these disciplines for undergraduate, graduate and research programs. The synergies among the various levels of study and scholarship will be fostered in a facility integrating a broad cross section of technical and

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scientific personnel and programs. Specific facility features and attributes have been preliminarily identified in the Technical Analysis and Feasibility Study, and will be further detailed during the planning and design phases.

2. PROJECT COMPONENTS

The majority of the project complex will consist of research laboratories and laboratory support areas (e.g., instrument labs, specialized containment labs, shared equipment rooms, computer laboratories, seminar and conference areas, and offices). It is anticipated that the size of the building will be approximately 100,000 – 116,000 GSF. Purchase of major fixed research equipment necessary to outfit the laboratories, support areas and connections, and necessary enhancements to the university's infrastructure systems will be included in the project. Movable and portable furnishings and fixtures are not included in the current costs estimates.

3. ALTERNATIVES

Four alternatives have been studied to date.

Alternative 1: Construct Multiple Smaller Laboratory Additions

This alternative involves construction of separate undergraduate, graduate and research laboratories, by discipline, as additions to, or immediately adjacent to, existing College buildings. This alternative would provide the necessary space to support the programs, however, project costs are expected to be significantly higher since there would be multiple sites and projects. In addition, this approach does not readily support interdisciplinary interaction and collaboration. The university rejected this alternative.

Alternative 2: Renovate Existing Laboratory & Research Spaces in Existing Buildings as Necessary to Accomplish the programmatic Goals for Interdisciplinary Research

The Technical Analysis and Feasibility Study conducted by the university and its consultant, NBBJ Architects, over the past 18 months included an exhaustive assessment and audit of the existing research facilities, spaces, and building level infrastructure systems on campus. The summary conclusion of this effort is that the existing facilities and spaces are not equipped or suitable in their current state to facilitate the sorts of interdisciplinary programs envisioned and needed. Further the renovation costs to bring these facilities up to the standards necessary would far exceed the cost of a new build. And further still, such dispersed renovations would not produce the desired synergies and interdisciplinary relationships set out as the major programmatic goals and vision for the project effort. The university has therefore rejected this alternative based upon the results of the Technical Analysis and Feasibility Study.

Alternative 3: Construct Separate Laboratory Complexes for Undergraduate and Graduate/Research Programs

This alternative consists of construction of an interdisciplinary laboratory complex for undergraduate instructional and research programs and one for graduate and research programs. This alternative would provide the necessary space to support the programs, however, project costs are expected to be higher since there would be two projects with unnecessary duplication. In addition, this approach does not readily support interdisciplinary

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interaction and collaboration between undergraduate and graduate students, and researchers. The university rejected this alternative.

Alternative 4: Construct a Single Interdisciplinary Laboratory Facility

This option would entail constructing a single complex that integrates undergraduate and graduate/research laboratories into an interdisciplinary science and technology center facilitating collaboration and creating new synergies across academic levels and disciplines. Overall project expenses are expected to be less under this approach since there will be only one site and construction of a single building allows elimination of unnecessary duplication of building systems. The recently completed Technical Analysis and Feasibility Study verifies this alternative as the most viable alternative conducive to the goals and vision for the effort, and as the most efficient and least costly alternative. This is the university's preferred alternative.

4. VACATED SPACE

It is not anticipated that a great deal of space will be vacated upon completion of the proposed project. Space currently used for instructional laboratories and some research laboratories that may be vacated may be reused to meet additional laboratory space demand. Other prospective uses of vacated space may be for offices and specialized learning areas including computer laboratories, seminar areas, team and group rooms, etc.

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CAPITAL BUDGET REQUEST
FY 2010

Capital Improvement Project Description
(New Buildings, Additions or Major Renovations)

AGENCY: Lewis-Clark State College

AGENCY PROJECT PRIORITY: 1

PROJECT DESCRIPTION/LOCATION: **Renovate Talkington Hall**

CONTACT PERSON: Chet Herbst

TELEPHONE: (208) 792-2240

PROJECT JUSTIFICATION:

(A) Concisely describe what the project is.

This project would fund basic safety upgrades (fire protection, windows, doors); electrical and lighting improvements; plumbing and flooring replacement; and HVAC installation so that this former dormitory could be used for offices for staff and permanent and adjunct faculty, meeting areas, and classrooms. Available office space on LCSC's Lewiston campus does not meet current or projected demand.

(B) What is the existing program and how will it be improved?

Talkington Hall, built in 1930 as a women's dormitory, is no longer useable as a residence hall, due to safety concerns, lack of HVAC, and decrepitude of the carpets, doors, windows, and common areas. [Students have been moved to two new residence halls, built with funds provided by private developers.] The facility is essentially vacant, and only few rooms are used as offices (using extraordinary measures to provide temporary climate control) since there is no other free space on campus. In FY2007, LCSC commissioned a private architectural firm to conduct a modernization feasibility study for the facility. The result of the analysis was a recommendation to retain and renovate the building, for a moderate investment. Renovation of the building to provide safety upgrades, modern lighting, flooring, energy efficient windows/doors, and central an HVAC system would bring 92 dorm-sized rooms and several common areas (21,866 total square feet) back into LCSC's useable office, meeting, and classroom inventory—while preserving one of the most beautiful and historic buildings on the Normal Hill campus.

(C) What will be the impact on your operating budget?

Renovation and installation of energy-efficient HVAC and lighting systems, window replacement, and door replacement will result in significant reductions in energy consumption, lowering utility expenses.

(D) What are the consequences if this project is not funded?

Without the proposed upgrades, the use of this facility will be extremely limited due to environmental and safety factors and the prohibitive cost of making temporary accommodations to provide climate control for the rooms in their current state.

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ESTIMATED BUDGET:		FUNDING:	
Land	\$	PBF	\$ 2,730,000
A/E fees	\$ 273,000	General Account	
Construction	\$ 2,320,000	Agency Funds	
5% Contingency	\$ 137,000	Federal Funds	
F F & E	\$	Other	
Other			
Total	\$ 2,730,000	Total	\$ 2,730,000

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CAPITAL BUDGET REQUEST
FY 2010

Capital Improvement Project Description
(New Buildings, Additions or Major Renovations)

AGENCY: Lewis-Clark State College

AGENCY PROJECT PRIORITY: 2

PROJECT DESCRIPTION/LOCATION: **Renovate Administration Bldg—Phase I**
(auditorium and theater support areas)

CONTACT PERSON: Chet Herbst

TELEPHONE: (208) 792-2240

PROJECT JUSTIFICATION:

(A) Concisely describe what the project is.

This project would renovate the Silverthorne Theatre auditorium in the Administration Building which was constructed in 1921. The project would bring the auditorium and supporting rooms up to code and improve utilization of the area for general purpose and specialized classes.

(B) What is the existing program and how will it be improved?

This project would address current facility limitations in support of theater programs and fine arts productions on campus, while providing an upgraded large classroom space for campus. The College stages productions and rehearsals in the Administration Building auditorium which was constructed in 1921. The present scene shop and dressing room are located in the basement rooms which were not designed for that purpose, are extremely cramped, and do not meet current code requirements. The balcony of the theatre is currently not usable because the front half of the stage, which was added in the 1970s, is not visible from most of the balcony. Additionally, there are safety issues which could be addressed with a renovation of the balcony. The 1989 evaluation by the Northwest Association of Schools, Colleges, and Universities described the facilities as “deplorable.” The Associated Students of LCSC have accumulated \$400,000 in dedicated student fees for the Silverthorne Theatre project, which would supplement the requested PBF funds for the project.

(C) What will be the impact on your operating budget?

Reconfiguration of the balcony area, basement rooms, windows, and electrical and lighting upgrades would increase energy efficiency. The proposed remodeling would increase the usable capacity of what is one of the College's few large classrooms—enabling higher capacity for the same operating costs.

(D) What are the consequences if this project is not funded?

LCSC would have to continue inefficient operations with the current configuration, with quality impacts on programs and classes delivered there, and foregoing potential access and effective use of approximately 8,430 GSF of space. Use of this facility currently is limited due to Life-Safety Code and other code issues, and the need of our students to have classrooms that meet accreditation standards. The breadth of this remodel and expansion project exceeds the normal physical maintenance capabilities of the college.

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ESTIMATED BUDGET:		FUNDING:	
Land	\$	PBF	\$ 700,000
A/E fees	\$ 110,000	General Account	
Construction	\$ 935,000	Agency Funds	\$ 400,000
5% Contingency	\$ 55,000	Federal Funds	
F F & E		Other	
Other			
Total	\$ 1,100,000	Total	\$ 1,100,000

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CAPITAL BUDGET REQUEST
FY 2010

Capital Improvement Project Description
(New Buildings, Additions or Major Renovations)

AGENCY: **North Idaho College**

AGENCY PROJECT PRIORITY: **1**

PROJECT DESCRIPTION/LOCATION: **Seiter Hall Remodel/Renovation**

CONTACT PERSON: **Rolly Jurgens**

TELEPHONE: **208-769-3340**

PROJECT JUSTIFICATION:

- (A) Concisely describe what the project is. To remodel the former Science building (Seiter Hall) into general classroom space, which in the past was primarily a laboratory classroom facility. Will include substantial mechanical, electrical, energy conservation upgrades, and roof repair. Remodel will bring the building into current ADA code standards.
- (B) What is the existing program and how will it be improved? All existing programs have been moved to the new Meyer Health Science Building, which opened in fall of 2005. Remodel could add 15 plus classrooms and two classroom auditoriums. Other educational and staff departments will gain much needed office and classroom space.
- (C) What will be the impact on your operating budget? Upgrading with energy efficient systems, and making needed roof repairs will reduce the overall operating budget as the building comes on line.
- (D) What are the consequences if this project is not funded? NIC is in desperate need of general classroom and office space. If funding is not provided, Seiter Hall and its unused lab space will not be conducive for general classroom educational activities. The learning environment will be less than desired, and will reduce educational opportunities in North Idaho, especially in light of current Growth Trends. The building will be under used.

ESTIMATED BUDGET:

Land	
A/E fees	302,500
Construction	3,482,820
5% Contingency	174,130
F F & E	<u>385,550</u>
Other	
Total	\$4,345,000

FUNDING:

PBF	\$4,345,000
General Account	
Agency Funds	
Federal Funds	
Other	
Total	\$4,345,000

BUSINESS AFFAIRS AND HUMAN RESOURCES
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CAPITAL BUDGET REQUEST
FY 2010

Capital Improvement Project Description
(New Buildings, Additions or Major Renovations)

AGENCY: **North Idaho College**

AGENCY PROJECT PRIORITY: **2**

PROJECT DESCRIPTION/LOCATION: **Professional Technical Building**

CONTACT PERSON: **Rolly Jurgens**

TELEPHONE: **208-769-3340**

PROJECT JUSTIFICATION:

- (A) Concisely describe what the project is. **To construct a new Professional Technical Building to create additional space for existing programs, expansion of new professional technical education programs, and to partner with local school districts to provide facilities to support their professional technical education programs as well.**
- (B) What is the existing program and how will it be improved? **Currently there are business and professional programs, health professions and trades and industry programs. These programs are near capacity with 12% of the student body enrolled in those programs. Nationally, 40% or more enrollments would be in these programs. Construction of this facility would expand professional technical education opportunities, keep up with rapid changes in technology, and increase student enrollments.**
- (C) What will be the impact on your operating budget? **Would increase in the areas of staffing, utilities and maintenance costs.**
- (D) What are the consequences if this project is not funded? **In coming and continuing students, local businesses and industries, and local public school districts would not be able to rely on NIC to provide expanded programs or enrollments.**

ESTIMATED BUDGET:

Land	
A/E fees	1,272,590
Construction	12,272,590
5% Contingency	613,580
F F & E	<u>1,272,590</u>
Other	
Total	\$15,431,350

FUNDING:

PBF	\$15,431,350
General Account	
Agency Funds	
Federal Funds	
Other	
Total	\$15,431,350

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CAPITAL BUDGET REQUEST
FY 2010

Capital Improvement Project Description
(New Buildings, Additions or Major Renovations)

AGENCY: Eastern Idaho Technical College AGENCY PROJECT PRIORITY: 1.

PROJECT DESCRIPTION/LOCATION: Parking Lot Health Care Education Bld 6

CONTACT PERSON: Steve T. Bunnell TELEPHONE: 208-524-3000, Ext 3393

PROJECT JUSTIFICATION:

(A) Concisely describe what the project is.

Construct a parking lot on Campus to provide parking for students, faculty and staff that are using this Health Care Education Building. This would include design, site work, lighting, concrete, asphalt, striping and signage.

(B) What is the existing program and how will it be improved?

This Building is a share building with ISU and EITC. All programs that operate within this building. Adequate parking in proximity of the facility is essential for the safety of our students, faculty and staff.

(C) What will be the impact on your operating budget?

Minimum impact will occur only power for lighting and snow removal.

(D) What are the consequences if this project is not funded?

Insufficient number of parking spaces adjacent to this building. The present design of the roadway is a safety issue for the operation of the Campus.

ESTIMATED BUDGET:

Land	\$	
A/E fees	\$	<u>78,000</u>
Construction	\$	780,000
5% Contingency	\$	39,000
F F & E		
Other	\$	3,000
Total	\$	<u>900,000</u>

FUNDING:

PBF	\$	<u>900,000</u>
General Account		
Agency Funds		
Federal Funds		
Other		
Total	\$	<u>900,000</u>

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CAPITAL BUDGET REQUEST
FY 2010

Capital Improvement Project Description
(New Buildings, Additions or Major Renovations)

AGENCY: Historical Society

AGENCY PROJECT PRIORITY: #1

PROJECT DESCRIPTION/LOCATION: Expansion and renovation of the Idaho State Historical Museum, Boise

CONTACT PERSON: Janet Gallimore, Executive Director TELEPHONE: 208-334-2682

PROJECT JUSTIFICATION:

(A) Concisely describe what the project is.

The Idaho State Historical Museum long ago outgrew its existing facility, which was constructed in 1950 and expanded in 1982. Currently, less than 5% of the Society's historical artifacts are on exhibit at any given time in the state's most-visited museum. Lack of space prevents the exhibiting of more materials, prohibits the possibility of bringing major traveling exhibits to Idaho, and limits accessibility for school and public programs. In FY 2008, Permanent Building Fund money enabled DPW to hire LKV Architects to develop an expansion concept. In FY 2009 the Historical Society requested \$10 million from the Permanent Building fund for expansion, of which \$5 million was awarded with the understanding that the Historical Society would request the second \$5 million in FY 2010. The final \$4 million to complete the building construction will be raised from non-state sources, including grant and contributions. The current cost estimate from LKV Architects for new construction and remodeling of the museum building is \$14,000,000

Since we received approval of the initial \$5 million from the Permanent Building Fund, the Historical Society has moved aggressively to position itself to raise the non-state funds required to complete the project. We are currently working with our congressional delegation on a direct congressional appropriation for the project, and with the National Endowment for the Humanities for a Challenge Grant. We have hired a consultant to prospect and create a comprehensive and prioritized grant development program; we have also hired fundraising consultants to assist us in the Agency's first capital campaign for private donations. We have proposed and plan to hire agency's first development officer. This expansion is not only our highest priority capital project; it is also the agency's overall highest priority. The expanded Museum will serve the needs of Idahoans for decades. We appreciate the confidence the Advisory Council placed in us last year. We look forward to your continued partnership in FY 2010 as we work together to bring the State of Idaho a world class

BUSINESS AFFAIRS AND HUMAN RESOURCES
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museum.

(B) What is the existing program and how will it be improved?

To expand the existing 27,000 square-foot facility by an additional 43,000 square feet. Benefits to the community and state from an improved Museum:

- Increase educational programming and expand the capacity to serve school children.
- Enhance public education by providing an auditorium for lectures and performances that will be uninterrupted by guests enjoying other facets of the Museum. This amenity would be open for use by other park and community organizations.
- Expand public access to the history of Idaho through experienced-based exhibitions that depict Idaho's proud past.
- Increase opportunities to enhance visitation by featuring major traveling exhibitions.
- Create a world class museum as a vibrant partner in downtown redevelopment and in alignment with Boise Parks and Recreation plan for Julia Davis Park improvement.

(C) What will be the impact on your operating budget?

Increased utility costs are estimated to be approximately \$35,000 annually, plus the addition of one full-time maintenance position.

(D) What are the consequences if this project is not funded?

Idaho State Historical Society is confident of its ability to raise \$4 million in non-state funds for this project, should this funding from the Permanent Building Fund accrue. However, if this request is not funded, in this economic climate, raising the remaining \$9 million required to complete the construction of the museum is doubtful. Failure to fund the "second half" of the Permanent Building Fund money would essentially cripple the project, and the benefits noted above to the community and state would remain unfulfilled.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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ESTIMATED BUDGET:		FUNDING:	
Land	\$	FY2009 PBF	\$ 5,000,000
A/E fees		(approved)	
Construction	\$14,000,000	FY 2010 PBF	\$ <u>5,000,000</u>
5% Contingency		General Account	
F F & E		Agency Funds	
Other		Federal Funds	
Total	\$ <u>14,000,000</u>	Other	\$4,000,000
		Total	\$ <u>14,000,000</u>

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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

SUBJECT

Adopt amendments to the Idaho Optional Retirement Plan (ORP) as required by Federal law.

REFERENCE

February 2008 Board directed staff to proceed with revise the SBOE's ORP Plan, as needed.

BACKGROUND/DISCUSSION

As Federal tax laws change, the State Board of Education is required to amend the Optional Retirement Plan to remain in compliance. The changes incorporated with this revision include the following:

1. Addition of the College of Western Idaho,
2. Update the percentages for disability contributions,
3. Revised eligibility for cash withdrawals,
4. Allow a non-spouse beneficiary to make a tax-free transfer to an IRA due to the participant's death
5. Technical changes in response to final regulations under Internal Revenue Code section 415

ATTACHMENTS

Attachment 1 – Proposed Amendments to Plan Document

Page 3

STAFF COMMENTS

Adoption of this amendment to the Optional Retirement Plan adds the new community college to the Plan and will allow the Idaho ORP to be in conformance with Federal and State laws.

BOARD ACTION

A motion to adopt Amendment 3 to the Idaho Optional Retirement Plan. The proposed amendment is attached.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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Idaho State Board of Education
Optional
Retirement Plan

A Defined Contribution Retirement Plan
Restated November 2001
[Restated December 2003](#)
Restated to include amendments through 20038

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Article I: Definitions

- 1.1 **Accumulation Account** means the separate account(s) established for each Participant. The current value of a Participant's Accumulation Account includes all Plan Contributions, less expense charges, and reflects credited investment experience.
- 1.2 **Annual Additions** means the sum of the following amounts credited to a Participant's Accumulation Account during the Limitation Year: (a) Plan Contributions; (b) forfeitures, if any; and (c) individual medical account amounts described in section 415(l)(2) and 419A(d)(2) of the Code, if any.
- 1.3 **Beneficiary (ies)** means the individual, institution, trustee, or estate designated by the Participant to receive the Participant's benefits at his or her death.
- 1.4 **Board** means the Idaho State Board of Education and Board of Regents of the University of Idaho as defined in Idaho Code §33-101.
- 1.5 **Code** means the Internal Revenue Code of 1986, as amended.
- 1.6 **Compensation** means the amount reported as wages on the Participant's Form W-2, excluding compensation not currently included because of the application of Code Sections 125 or 403(b).

In addition to other applicable limitations stated in the plan, and notwithstanding any other provision of the Plan to the contrary, for Plan years beginning on or after January 1, 1996, the annual compensation of each employee taken into account under the Plan shall not exceed the OBRA '93 annual compensation limit. The OBRA '93 annual compensation limit is \$150,000, as adjusted by the Commissioner of the Internal Revenue Service for increases in the cost of living in accordance with section 401(a)(17)(B) of the Internal Revenue Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

For Plan years beginning on or after January 1, 1996, any reference in this Plan to the limitation under section 401(a)(17) of the Code shall mean the OBRA '93 annual compensation limit stated in this provision.

If compensation for any prior determination period is taken into account in determining an employee's benefits accruing in the current Plan Year, the compensation for that prior determination period is subject to the OBRA '93 annual compensation limit in effect for that prior determination period. For this purpose, for determination periods beginning before the first day of the first Plan Year beginning on or after January 1, 1996, the OBRA '93 annual compensation limit is \$150,000.

Notwithstanding the above, employees who became Participants in the Plan before the first day of the Plan Year beginning on or after January 1, 1996, will not be subject to the annual compensation limit.

- 1.7 **Date of Employment or Reemployment** means the effective date of the appointment for a faculty member or professional staff. For all other employees, the Date of Employment or Reemployment is the first day upon which an employee completes an Hour of Service for performance of duties during the employee's most recent period of service with the Institution.

- 1.8 **Eligible Employee** means faculty or nonclassified staff of the Office of the Idaho State Board of Education, Boise State University, Idaho State University, University of Idaho, or Lewis-Clark State College initially appointed or hired between July 1, 1990 and June 30, 1993 who work on a .50 full-time equivalency basis or more and similar employees hired before July 1, 1990 who elected to participate in the Plan during the 90 day period from July 1, 1990 to September 28, 1990; and teaching staff and officers of the Office of the Idaho State Board of Education, Boise State University, Idaho State University, University of Idaho, or Lewis-Clark State College initially appointed or hired on or after July 1, 1993 who work on a .50 full-time equivalency basis or more; and teaching staff and officers of the College of Southern Idaho, North Idaho College, [College of Western Idaho](#), or Eastern Idaho Technical College initially appointed or hired on or after July 1, 1997 who work on a .50 full-time equivalency basis or more and similar employees hired before July 1, 1997 who elected to participate in the Plan during the 150 day period from July 1, 1997 to November 28, 1997. However, “Eligible Employee” shall exclude:
- a. an Employee whose employment is expected to be less than five (5) months; and
 - b. an Employee whose employment is incidental to his or her status as a student at the Institution; and
 - c. an Employee who is vested in the Public Employee Retirement System of Idaho (PERSI) and who makes a one time irrevocable election to remain a member of that retirement system within 60 days of the date of initial hire or appointment.

The term Eligible Employee shall not include any leased employee deemed to be an employee of the Institution as provided in Code Section 414(n).

If an individual is classified as an independent contractor during any period of providing services to the Institution, such individual will be deemed to be in an ineligible class of employees for purposes of the Plan during such period, even if the individual is determined to be a common law employee during such period pursuant to a government audit or litigation. Notwithstanding the above, if the failure to cover such reclassified individual would prevent the Plan from satisfying the minimum coverage requirement under Code Section 410(b) for a Plan year, the minimum number of such individuals necessary for the plan to fulfill such minimum coverage requirements will be included as eligible employees for the plan year, with preference given to those reclassified individuals with the smallest amount of compensation.

No individual who is deemed to be an independent contractor, as determined by the Plan Administrator in its sole discretion, or individual performing services for the Employer pursuant to an agreement that provides that such individual shall not be eligible to participate in the retirement or other benefit plans of the Employer, shall be an Eligible Employee for purposes of this plan.

- 1.9 **Fund Sponsor** means an insurance, variable annuity or Investment Company that provides Funding Vehicles available to Participants under this Plan.
- 1.10 **Funding Vehicles** means the annuity contracts or custodial accounts that satisfy the requirements of Code Section 401(f) issued for funding accrued benefits under this Plan and specifically approved by the Institution for use under this Plan.

1.11 ***Hours of Service means:***

- (a) Each hour for which an employee is paid, or entitled to payment, for the performance of duties for the Institution.
- (b) Each hour for which an employee is paid, or entitled to payment, on account of a period of time during which no duties are performed (regardless of whether employment has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, leave of absence, or maternity or paternity leave (whether paid or unpaid). However, any period for which a payment is made or due under a plan maintained solely for the purpose of complying with Workers' Compensation or unemployment compensation or disability insurance laws, or solely to reimburse the employee for medical or medically-related expenses is excluded. An employee is directly or indirectly paid, or entitled to payment by the Institution regardless of whether payment is made by or due from the Institution directly or made indirectly through a trust fund, insurer or other entity to which the Institution contributes or pays premium. No more than 501 Hours of Service will be credited under this paragraph. Hours of Service under this paragraph will be calculated and credited pursuant to Section 2530.200b-2 of the Department of Labor Regulations, incorporated herein by reference.
- (c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Institution, without duplication of hours provided above, and subject to the 501-hour restriction for periods described in (b) above.

Hours of Service will be credited for employment with other members of an affiliated service group (under Code Section 414(m)), a controlled group of corporations (under Code Section 414(b)), or a group of trades or businesses under common control (under Code Section 414(c)) of which the Institution is a member, and any other entity required to be aggregated with the employer pursuant to Code Section 414(o) and the regulations thereunder. Hours of Service also will be credited for any person considered an employee for this Plan under Code Sections 414(n) or 414(o) and the regulations thereunder.

Hours of Service will be determined on the basis of actual hours that an employee is paid or entitled to payment.

1.12 ***Institution*** means the Board and employment units under its jurisdiction, namely:

The Office of the Idaho State Board of Education
 Boise State University
 Idaho State University
 University of Idaho
 Lewis-Clark State College
 Eastern Idaho Technical College
 College of Southern Idaho
 North Idaho College
[College of Western Idaho](#)

1.13 ***Institution Plan Contributions*** means contributions made by the Institution under this Plan.1.14 ***Limitation Year*** means a calendar year.1.15 ***Normal Retirement Age*** means age 65.1.16 ***Participant*** means any Eligible Employee of the Institution participating in this Plan.1.17 ***Participant Plan Contributions*** means contributions made by a Participant under this Plan. Participant Plan Contributions are designated as being picked-up by the Institution in lieu of contributions by the Participant, in accordance with Code Section 414(h)(2). The pick-up amounts cannot be received directly by the Participant and are required to be made.

- 1.18 ***Plan*** means the Idaho State Board of Education Optional Retirement Plan as set forth in this document, and pursuant to Idaho Code §33-107A and 33-107B.
- 1.19 ***Plan Contributions*** means the combination of Participant Plan Contributions and Institution Plan Contributions.
- 1.20 ***Plan Entry Date*** means the later of the Effective Date of the Plan or the Eligible Employee's Date of Employment or Reemployment.
- 1.21 ***Plan Year*** means January 1 through December 31.
- 1.22 ***Year of Service*** means a 12-month period (computation period) during which the Eligible Employee completes 1,000 or more Hours of Service.

Article II: Establishment of Plan

2.1 ***Establishment of Plan.*** The Idaho State Legislature authorized the Board to establish the Plan as of July 1, 1990.

This Plan document sets forth the provisions of this Code Section 401(a) Plan. The Plan was restated as of November 1, 2001. Plan Contributions are invested, at the direction of each Participant, in one or more of the Funding Vehicles available to Participants under the Plan. Plan Contributions shall be held for the exclusive benefit of Participants. Participant Plan Contributions are designated as being picked-up by the Institution in lieu of contributions by the Participant, in accordance with Code Section 414(h)(2).

It is intended that this Plan will not be subject to the requirements of ERISA under Department of Labor Regulation Section 2510.3-2(f).

Article III: Eligibility for Participation

- 3.1 **Eligibility.** An Eligible Employee must, as a condition of employment, begin participation in this Plan on the Plan Entry Date following employment at the Institution.
- 3.2 **Notification.** The Institution will notify an Eligible Employee when he or she has completed the requirements necessary to become a Participant. An Eligible Employee who complies with the requirements and becomes a Participant is entitled to the benefits and is bound by all the terms, provisions, and conditions of this Plan, including any amendments that, from time to time, may be adopted, and including the terms, provisions and conditions of any Funding Vehicle(s) to which Plan Contributions for the Participant have been applied.
- 3.3 **Enrollment in Plan.** To participate in this Plan, an Eligible Employee must complete the necessary enrollment form(s) and return them to the Institution. An employee who has been notified that he or she is eligible to participate but who fails to return the enrollment forms will be deemed to have waived all of his or her rights under the Plan except the right to enroll at a future date.
- 3.4 **Reemployment.** A former employee who is reemployed by the Institution will be eligible to participate upon meeting the requirements stated in the "Eligibility" section of Article III. A former employee who satisfied these requirements before termination of employment will be eligible to begin participation immediately after reemployment provided the former employee is an Eligible Employee.
- 3.5 **Termination of Participation.** A Participant will continue to be eligible for the Plan until one of the following conditions occur:
- he or she ceases to be an Eligible Employee;
 - the Plan is terminated.

~~Furthermore, if a Participant begins to receive retirement benefits from the Accumulation Account(s) arising from Plan Contributions under this Plan before termination of employment, he or she will cease to be eligible and no further Institution Plan Contributions will be made on his or her behalf.~~

Article IV: Plan Contributions

- 4.1 ***Plan Contributions.*** Plan Contributions will be made for Eligible Employees who have satisfied the requirements of Article III as follows:

Each Institution shall contribute the percentage indicated below of the Compensation of that Institution's Participants, reduced by the amount necessary, if any, to provide contributions to a total disability program, but in no event less than five percent (5%) of each Participant's Compensation;

NIC, CSI, CWI and EITC: seven and eighty-one one hundredths percent (7.81%);

UI, BSU, ISU, LCSC and the Office of the State Board of Education: nine and thirty-five one hundredths percent (9.35%) effective July 1, 2007; seven and eighty-one one hundredths percent (7.81%) prior to July 1, 2007.~~Each Institution shall contribute an amount equal to seven and eighty-one hundredths percent (7.81%) of each Participant's Compensation, reduced by any amount necessary, if any, to provide contributions to a total disability program, but in no event less than five percent (5%) of each Participant's Compensation; and~~

Each Participant shall contribute an amount equal to six and ninety-seven hundredths percent (6.97%) of his or her Compensation.

Plan Contribution rates are defined in Idaho Code §33-107A and are subject to change as that section is amended.

Plan Contributions are considered to be credited to Participants no later than the last day of the Plan Year for which the Plan Contributions are made.

- 4.2 ***When Contributions Are Made.*** Plan Contributions will begin when the Institution has determined that the Participant has met or will meet the requirements of Article III. Any part of a year's Plan Contributions not contributed before this determination will be included in contributions made for that year after the determination. Plan Contributions will be forwarded to the Fund Sponsor(s) in accordance with the procedures established by the Institution. Institution Plan Contributions will be forwarded to the Fund Sponsor(s) at least annually. Participant Plan Contributions will be forwarded by the Institution to the Fund Sponsor(s) as soon as it is administratively feasible for the Institution to segregate contributions, but in any event, within the time required by law.
- 4.3 ***Allocation of Contributions.*** A Participant may allocate Plan Contributions to the Funding Vehicle(s) in any whole-number percentages that equal 100 percent. A Participant may change his or her allocation of future contributions to the Funding Vehicle(s) according to the administrative procedures of the Fund Sponsor(s). A Participant may direct contributions to only one Fund Sponsor at any given time. However, a Participant may change Fund Sponsors once per calendar year by completing the appropriate forms provided by the Institution.
- 4.4 ***Leave of Absence.*** During a paid leave of absence, Plan Contributions will continue to be made for a Participant on the basis of Compensation then being paid by the Institution. No Plan Contributions will be made during an unpaid leave of absence.
- 4.5 ***Transfer of Funds from Another Plan.*** The Fund Sponsor shall accept contributions that are transferred directly from any other plan qualified under sections 401(a) or 403(a) of the Code, whether such plans are funded through a trustee arrangement or through an annuity contract, if such contributions are attributable only to employer and employee contributions and the earnings thereon and accompanied by instructions showing the respective amounts attributable to employer and employee contributions. Such funds and the accumulation generated from them shall always be fully vested and nonforfeitable.
- 4.6 ***Acceptance of Rollover Contributions.*** If a Participant is entitled to receive a distribution from another plan qualified under sections 401(a) or 403(a) of the Code that is an eligible rollover distribution under section 402 of the Code, the Fund Sponsor will accept such amount under this Plan provided the rollover to this Plan is made 1) directly from another plan; or 2) by the Participant within 60 days of the receipt of the distribution.

- 4.7 ***Uniformed Services.*** Notwithstanding any provision of this Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with §414(u) of the Code.
- 4.8 ***Maximum Plan Contributions.*** Notwithstanding anything contained in this Plan to the contrary, the total Annual Additions made for any Participant for any year will not exceed the amount permitted under section 415 of the Code. The limitations of Code Section 415 are hereby incorporated by reference.

~~For the purpose of calculating the limits of Code Section 415, compensation means a Participant's earned income, wages, salaries, and fees for professional services and other amounts received for personal services actually rendered in the course of employment with the employer maintaining the plan and excluding the following: (a) employer contributions to a plan of deferred compensation that are not includable in the Employee's gross income for the taxable year in which contributed, or employer contributions under a simplified employee pension plan to the extent such contributions are deductible by the Employee, or any distributions from a plan of deferred compensation; and (2) other amount that received special tax benefits, or contributions made by the employer (whether or not under a salary reduction agreement towards the purchase of an annuity described in Code Section 403(b) (whether or not the amounts are actually excludable from the gross income of the Employee). For years beginning after December 31, 1997, compensation shall include any elective deferral (as defined in Code §402(g)(3)) and any amount which is contributed or deferred by the Institution at the election of the Participant and which is not includable in the gross income of the Participant by reason of Code §125 or 457. For limitation years beginning on and after [enter the earlier of January 1, 2001 or the first day of the first limitation year for which the plan was operated in accordance with CRA amendment but in no case earlier than the first day of the first limitation year beginning on or after January 1, 1988], for purposes of applying the limitations described in this section of the Plan, compensation shall include elective amounts that are not includible in the gross income of the Participant by reason of Code § 132(f)(4).~~

~~To the extent permitted by Code Section 415 and the regulations promulgated thereunder, if the Annual Additions exceed the Section 415 limitations, the excess amounts will be disposed of as follows: (a) any Participant Plan Contributions (plus any gain attributable to the excess), to the extent they would reduce the excess amount, will be returned to the Participant; and, to the extent necessary, (b) if, after the application of (a) an excess still exists, the excess will be held unallocated in a suspense account and will be applied to reduce Institution Plan Contributions in succeeding limitation years.~~

If the limitations are exceeded because the Participant is also participating in another plan required to be aggregated with this Plan for Code Section 415, then the extent to which annual contributions under this Plan will be reduced, as compared with the extent to which annual benefits or contributions under any other plans will be reduced, will be determined by the Institution in a manner as to maximize the aggregate benefits payable to the Participant from all plans. If the reduction is under this Plan, the Institution will advise affected Participants of any additional limitation on their annual contributions required by this paragraph.

Article V: Funding Vehicles

5.1 ***Funding Vehicles.*** Plan Contributions are invested in one or more Funding Vehicles available to Participants under this Plan. The Fund Sponsors are:

- A. Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF)
- B. Variable Annuity Life Insurance Company (VALIC)

Participants may choose any Funding Vehicle offered by a Fund Sponsor. The Institution's current selection of Fund Sponsors isn't intended to limit future additions or deletions of Fund Sponsors. Any additional accounts offered by a Fund Sponsor will automatically be made available to Participants in accordance with the procedures established by the Institution and the Fund Sponsor.

5.2 ***Fund Transfers.*** Subject to a Funding Vehicle's rules for transfers and in accordance with the provisions of the Code for maintaining the tax deferral of the Accumulation Account(s), a Participant may transfer funds accumulated under the Plan among the Plan's approved Funding Vehicles to the extent permitted by the Funding Vehicles.

Article VI: Vesting

- 6.1 ***Plan Contributions.*** Plan Contributions shall be fully vested and nonforfeitable when such Plan Contributions are made.

Article VII: Benefits

- 7.1 **Retirement Benefits.** A Participant who has terminated employment may elect to receive retirement benefits under any of the forms of benefit, as provided below.

Forms of Benefit. The forms of benefit are the benefit options offered by the Funding Vehicles available under this Plan. These forms are equally available to all Participants choosing the Funding Vehicle. The forms of benefit available under this Plan include:

- Single life annuities as provided under the Funding Vehicle contract.
- Joint and survivor annuities as provided under the Funding Vehicle contract.
- Cash withdrawals (to the extent the Funding Vehicle permits and subject to the limitations in the "Cash Withdrawal" section of this Article).
- Fixed period annuities, as permitted by the Funding Vehicle contract.
- Retirement Transition Benefit.
- Such other annuity and withdrawal options as provided under the Funding Vehicle contract.

- 7.2 **Cash Withdrawals.** A Participant who has terminated employment may withdraw Participant Plan Contributions or receive benefits in any form the relevant Funding Vehicle permits, including a cash withdrawal. However, only an employee who has terminated employment and has either attained age 55 or is permanently disabled may withdraw Institution Plan Contributions or receive benefits from Institution Plan Contributions in any form the relevant Funding Vehicle permits, including a cash withdrawal. ~~However, only an employee who has terminated employment and has attained age 55 may withdraw Institution Plan Contributions or receive benefits in any form the relevant Funding Vehicle permits, including a cash withdrawal.~~

Except, following retirement or termination of employment prior to age 55, if total accumulation is less than or equal to ~~\$10,000~~ \$15,000, both Participant and Institution Plan Contributions are available in a cash withdrawal subject to any restrictions of the Funding Vehicles of the Fund Sponsor.

- 7.3 **Retirement Transition Benefit.** Unless the Minimum Distribution Annuity, or the Limited Periodic Withdrawal Option is elected, a Participant may elect to receive a one time lump-sum payment of up to 10 percent of his or her Accumulation Account(s) in TIAA and/or the CREF account(s) at the time annuity income begins, provided the one sum payment from each TIAA contract and/or CREF account(s) doesn't exceed 10 percent of the respective Accumulation Account(s) being converted to retirement income.
- 7.4 **Survivor Benefits.** If a Participant dies before the start of retirement benefit payments, the full current value of the Accumulation Account(s) is payable to the Beneficiary (ies) under the options offered by the Funding Sponsors. Distribution of Survivor Benefits is subject to the required distribution rules set forth in Code Section 401(a)(9).
- 7.5 **Application for Benefits.** Procedures for receipt of benefits are initiated by writing directly to the Fund Sponsor. Benefits will be payable by the Fund Sponsor upon receipt of a satisfactorily completed application for benefits and supporting documents. The necessary forms will be provided to the Participant, the surviving spouse, or the Beneficiary (ies) by the Fund Sponsor.
- 7.6 **Minimum Distribution Requirements.** The provisions of this Section will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year. The requirements of this Section shall apply to any distribution of a Participant's vested Accumulation Account(s) and will take precedence over any inconsistent provisions of this Plan. Distributions in all cases will be made in accordance with Code Section 401(a)(9) and the regulations promulgated thereunder.

(a) **Time and Manner of Distribution.**

- (i) **Required Beginning Date.** The participant's entire interest shall be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date.

(ii) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest shall be distributed, or begin to be distributed, no later than as follows:

- (1) If the participant's surviving spouse is the Participant's sole designated Beneficiary, then distributions to the surviving spouse shall begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70½, if later.
- (2) If the participant's surviving spouse is not the Participant's sole designated beneficiary, then distributions to the designated beneficiary shall begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.
- (3) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest shall be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
- (4) If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this subsection (a)(ii), other than subsection (a)(ii)(1), will apply as if the surviving spouse were the Participant.

For purposes of subsections (a)(ii) and (c), unless subsection (a)(ii)(4) applies, distributions are considered to begin on the Participant's Required Beginning Date. If subsection (a)(ii)(4) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under subsection (a)(ii)(1). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under subsection (a)(ii)(1), the date distributions are considered to begin is the date distributions actually commence.

(iii) Forms of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the first distribution calendar year distributions shall be made in accordance with subsections (b) and (c) of this Section. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9) and the Treasury Regulations.

(b) Required Minimum Distributions During Participant's Lifetime.

(i) Amount of Required Minimum Distribution for Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

- (1) the quotient obtained by dividing the Participant's account balance by the distribution period in the Uniform Lifetime Table set forth in Treasury Regulation Section 1.401(a)(9)-9, using the Participant's age as of the Participant's birthday in the distribution calendar year; or
- (2) if the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Treasury Regulation Section 1.401(a)(9)-9, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

- (ii) **Lifetime Required Minimum Distribution Through Year of Participant's Death.** Required minimum distributions will be determined under this subsection (b) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.
- (c) **Required Minimum Distributions After Participant's Death**
 - (i) **Death On or After Date Distributions Begin.**
 - (1) **Participant Survived by Designated Beneficiary.** If the Participant dies on or after the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated beneficiary, determined as follows:
 - (a) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.
 - (b) If the Participant's surviving spouse is the Participant's sole designated beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.
 - (c) If the Participant's surviving spouse is not the Participant's sole designated beneficiary, the designated beneficiary's remaining life expectancy is calculated using the age of the beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.
 - (2) **No Designated Beneficiary.** If the Participant dies on or after the date distributions begin and there is no designated beneficiary as of September 30 of the year after the year of the Participant's death, minimum amount that shall be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.
 - (ii) **Death Before Date Distributions Begin**
 - (1) **Participant Survived by Designated Beneficiary.** If the Participant dies before the date distributions begin and there is a designated beneficiary, the minimum amount that shall be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated beneficiary, determined as provided in subsection (c)(i).
 - (2) **No Designated Beneficiary.** If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest shall be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

- (3) **Death of Surviving Spouse Before Distributions to Surviving Spouse are Required to Begin.** If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under subsection (a)(ii)(1), this subsection (c)(ii) shall apply as if the surviving spouse were the Participant.

(d) **Definitions**

- (i) **Designated Beneficiary.** The individual who is designated as the Beneficiary under the Plan and is the designated Beneficiary under Code Section 401(a)(9) and Treasury Regulation Section 1.401(a)(9)-1, Q&A-4.
- (ii) **Distribution calendar year.** A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under subsection (a)(ii). The required minimum distribution for the Participant's first distribution calendar year shall be made on or before the Participant's Required Beginning Date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's Required Beginning Date occurs, will be made on or before December 31 of that distribution calendar year.
- (iii) **Life Expectancy.** Life expectancy as computed by use of the Single Life Table in Treasury Regulation Section 1.401(a)(9)-9.
- (iv) **Participant's Account Balance.** The Participant's account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the Participant's account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The Participant's account balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.
- (v) **Required Beginning Date.** The Required Beginning Date of a Participant is April 1 following the calendar year in which the Participant attains age 70½ or if later, April 1 following the calendar year in which the Participant retires.

(e) **Election to Allow Participants, Former Participants or Beneficiaries to Elect 5-Year Rule.**

Participants or beneficiaries may elect on an individual basis whether the 5-year rule or the life expectancy rule in subsections (a)(ii) and (c)(ii) applies to distributions after the death of a Participant who has a designated beneficiary. The election must be made no later than the earlier of September 30 of the calendar year in which distribution would be required to begin under Subsection (a)(ii), or by September 30 of the calendar year which contains the fifth anniversary of the Participant's (or, if applicable, surviving spouse's) death. If neither the Participant nor beneficiary makes an election under this paragraph, distributions will be made in accordance with subsection (a)(ii) and (c)(ii).

(f) **Election to Allow Designated Beneficiary Receiving Distributions Under 5-Year Rule to Elect Life Expectancy Distributions.**

A designated beneficiary who is receiving payments under the 5-year rule may make a new election to receive payments under the life expectancy rule until December 31, 2003, provided that all amounts that would have been required to be distributed under the life expectancy rule for all distribution calendar years before 2004 are distributed by the earlier of December 31, 2003 or the end of the 5-year period.

7.7 ***Small Sum Payments.*** A participant's accumulations may be received in a single sum if certain conditions are met. If a Participant in this Plan terminates employment with the Institution and requests that the Fund Sponsor pay his or her Group Retirement Annuity accumulation in a single sum, the Institution will approve such request if, at the time of the request, the following conditions apply:

1. The total Accumulation Account is \$2,000 or less.
2. The total accumulation Account attributable to Plan Contributions is not more than \$4,000.

Upon request for the small sum payment, the total Accumulation Account will be payable by the Fund Sponsor to the Participant in a lump sum and will be in full satisfaction of the Participant's rights and his or her spouse's rights to retirement or survivor benefits.

7.8 ***Direct Rollovers.*** This section applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this section, a distributee may elect, at the time and in the manner prescribed by the plan administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

For this section, the following definitions apply:

- 1.) Eligible rollover distribution: An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code Section 401(a)(9); and the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities) ; and, for any distributions after 12/31/99, any hardship distribution described in Code Section 401(k)(2)(b)(i)(iv).
- 2) Eligible retirement plan: An eligible retirement plan is an individual retirement account described in Code Section 408(a), an individual retirement described in section 408(b) of the Code, or a qualified retirement plan described in Code Section 401 (a) or 403 (a) of the Code, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.
- 3) Distributee: A distributee includes an employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse.
- 4) Direct rollover: A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

7.9 **Distribution to IRA of Nonspouse Beneficiary.** A Participant's nonspouse Beneficiary may elect payment of any portion of the deceased Participant's account in a direct trustee to trustee transfer to an individual retirement account or annuity described in section 402(c)(8)(B)(i) or (ii) of the Code that is established to receive the Plan distribution on behalf of the Beneficiary. For purposes of this section, a trust maintained for the benefit of one or more designated beneficiaries may be the Beneficiary to the extent provided in rules prescribed by the Secretary of Treasury. If the Participant dies after the Participant's required beginning date as defined in section 7.6, the required minimum distribution in the year of death may not be transferred according to this section. The requirements of section 402(c)(11) of the Code apply to distributions under this section.

Article VIII: Administration

- 8.1 ***Plan Administrator.*** The Idaho State Board of Education, located at 650 W. State Street Boise, Idaho 83720, is the administrator of this Plan and has designated the following as responsible for enrolling Participants, sending Plan contributions for each Participant to the Fund Sponsor(s) selected by a Participant, and for performing other duties required for the operation of the Plan:

The Chief Fiscal Officer
The Office of the Idaho State Board of Education

The Financial Vice President
Boise State University

The Financial Vice President
Idaho State University

The Vice President for Finance and Administration
University of Idaho

The Financial Vice President
Lewis-Clark State College

The Financial Vice President
Eastern Idaho Technical College

The Financial Vice President
College of Southern Idaho

The Financial Vice President
North Idaho College

The Financial Vice President
College of Western Idaho

- 8.2 ***Authority of the Institution.*** The Institution has all the powers and authority expressly conferred upon it herein and further shall have discretionary and final authority to determine all questions concerning eligibility and contributions under the Plan, to interpret and construe all terms of the Plan, including any uncertain terms, and to determine any disputes arising under and all questions concerning administration of the Plan. Any determination made by the Institution shall be given deference, if it is subject to judicial review, and shall be overturned only if it is arbitrary or capricious. In exercising these powers and authority, the Institution will always exercise good faith, apply standards of uniform application, and refrain from arbitrary action. The Institution may employ attorneys, agents, and accountants, as it finds necessary or advisable to assist it in carrying out its duties. The Institution, by action of the Board, may designate a person or persons other than the Institution to carry out any of its powers, authority, or responsibilities. Any delegation will be set forth in writing.
- 8.3 ***Action of the Institution.*** Any act authorized, permitted, or required to be taken by the Institution under the Plan, which has not been delegated in accordance section 8.2 "Authority of the Institution," may be taken by a majority of the members of the Board, by vote at a meeting. All notices, advice, directions, certifications, approvals, and instructions required or authorized to be given by the Institution under the Plan will be in writing and signed by either (i) a majority of the members of the Board, or by any member or members as may be designated by the Board, as having authority to execute the documents on its behalf, or ii) a person who becomes authorized to act for the Institution in accordance with the provisions of section 8.2 "Authority of the Institution." Any action taken by the Institution that is authorized, permitted, or required under the Plan and is in accordance with Funding Vehicles contractual obligations are final and binding upon the Institution, and all persons who have or who claim an interest under the Plan, and all third parties dealing with the Institution.

- 8.4 **Indemnification.** Subject to the limits of the Idaho Tort Claims Act, Idaho Code §6-901 et. seq., The Institution will satisfy any liability actually and reasonably incurred by any members of the Board or any person to whom any power, authority or responsibility of the Institution is delegated pursuant to section 8.2 "Authority of the Institution" (other than the Fund Sponsors) arising out of any action (or inaction) relating to this plan. These liabilities include expenses, attorney's fees, judgments, fines, and amounts paid in connection with any threatened, pending or completed action, suit or proceeding related to the exercise (or failure to exercise) of this authority. This is in addition to whatever rights of indemnification exist under the articles of incorporation, regulations or by-laws of the Institution, under any provision of law, or under any other agreement.
- 8.5 **No Reversion.** Under no circumstances or conditions will any Plan Contributions of the Institution revert to, be paid to, or inure to the benefit of, directly or indirectly, the Institution. However, if Plan Contributions are made by the Institution by mistake of fact, these amounts may be returned to the Institution within one year of the date that they were made, at the option of the Institution.
- 8.6 **Statements.** The Institution will determine the total amount of contributions to be made for each Participant from time to time on the basis of its records and in accordance with the provisions of this Article. When each contribution payment is made by the Institution, the Institution will prepare a statement showing the name of each Participant and the portion of the payment that is made for him or her, and will deliver the statement to the appropriate Fund Sponsors with the contributions payment. Any determination by the Institution, evidenced by a statement delivered to the Fund Sponsors, is final and binding on all Participants, their Beneficiaries or contingent annuitants, or any other person or persons claiming an interest in or derived from the contribution's payment.
- 8.7 **Reporting.** Records for each Participant under this Plan are maintained on the basis of the Plan Year. At least once a year the Fund Sponsors will send each Participant a report summarizing the status of his or her Accumulation Account(s) as of December 31 each year. Similar reports or illustrations may be obtained by a Participant upon termination of employment or at any other time by writing directly to the Fund Sponsors.

Article IX: Amendment and Termination

- 9.1 ***Amendment and Termination.*** While it is expected that this Plan will continue indefinitely, the Institution reserves the right to amend, otherwise modify, or terminate the Plan, or to discontinue any further contributions or payments under the Plan, by resolution of its Board. In the event of a termination of the Plan or complete discontinuance of Plan Contributions, the Institution will notify all Participants of the termination. As of the date of complete or partial termination, all Accumulation Accounts will become nonforfeitable to the extent that benefits are accrued.
- 9.2 ***Limitation.*** Notwithstanding the provisions of the "Amendment and Termination" section of Article IX, the following conditions and limitations apply:
- (a) No amendment will be made which will operate to recapture for the Institution any contributions previously made under this Plan. However, Plan Contributions made based on a mistake of fact may be returned to the Institution within one year of the date on which the Plan Contribution was made. Also, Plan Contributions made in contemplation of approval by the Internal Revenue Service may be returned to the Institution if the Internal Revenue Service fails to approve the Plan.
 - (b) No amendment will deprive, take away, or alter any then accrued right of any Participant insofar as Plan Contributions are concerned.

Article X: Miscellaneous

- 10.1 ***Plan Non-Contractual.*** Nothing in this Plan will be construed as a commitment or agreement on the part of any person to continue his or her employment with the Institution, and nothing in this Plan will be construed as a commitment on the part of the Institution to continue the employment or the rate of compensation of any person for any period, and all employees of the Institution will remain subject to discharge to the same extent as if the Plan had never been put into effect.
- 10.2 ***Claims of Other Persons.*** The provisions of the Plan will not be construed as giving any Participant or any other person, firm, entity, or corporation, any legal or equitable right against the Institution, its officers, employees, or directors, except the rights as specifically provided for in this Plan or created in accordance with the terms and provisions of this Plan.
- 10.3 ***Merger, Consolidation, or Transfers of Plan Assets.*** In the event of a merger or consolidation with, or transfer of assets to, another plan, each Participant will receive immediately after such action a benefit under the plan that is equal to or greater than the benefit he or she would have received immediately before a merger, consolidation, or transfer of assets or liabilities.
- 10.4 ***Finality of Determination.*** All determinations with respect to the crediting of Years of Service under the Plan are made on the basis of the records of the Institution, and all determinations made are final and conclusive upon employees, former employees, and all other persons claiming a benefit interest under the Plan. Notwithstanding anything to the contrary contained in this Plan, there will be no duplication of Years of Service credited to an employee for any one period of his or her employment.
- 10.5 ***Non-Alienation of Retirement Rights or Benefits.*** No benefit under the Plan may, at any time, be subject in any manner to alienation, encumbrance, the claims of creditors or legal process to the fullest extent permitted by law. No person will have power in any manner to transfer, assign, alienate, or in any way encumber his or her benefits under the Plan, or any part thereof, and any attempt to do so will be void and of no effect. However, this Plan will comply with any judgment, decree or order which establishes the rights of another person to all or a portion of a Participant's benefit under this Plan to the extent that it is a "qualified domestic relations order" under section 414(p) of the Code.
- 10.6 ***Governing Law.*** Except as provided under federal law, the provisions of the Plan are governed by and construed in accordance with the laws of the State of Idaho.

Employer Identification Number: -

Plan Number: 001

(Signature of Plan Administrator)

Amendment 1

AMENDMENT OF THE Idaho State Board of Education Optional Retirement Plan for EGTRRA

IN WITNESS WHEREOF, Idaho State Board of Education and Board of Regents of the University of Idaho herein amends the Idaho State Board of Education Optional Retirement Plan, as follows:

A. PREAMBLE

1. Adoption and effective date of amendment. This amendment of the Plan is adopted to reflect certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"). This amendment is intended as good faith compliance with the requirements of EGTRRA and is to be construed in accordance with EGTRRA and guidance issued thereunder. Except as otherwise provided, this amendment shall be effective as of the first day of the first plan year beginning after December 31, 2001.
2. Supersession of inconsistent provisions. This amendment shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this amendment.

B. LIMITATIONS ON CONTRIBUTIONS

Maximum Annual Addition. The annual addition that may be contributed or allocated to a Participant's account under the Plan for any limitation year shall not exceed the lesser of:

- (a) \$40,000, as adjusted for increases in the cost-of-living under section 415(d) of the Code, or
- (b) 100 percent of the Participant's compensation, within the meaning of section 415(c)(3) of the Code, for the limitation year.

The compensation limit referred to in (b) shall not apply to any contribution for medical benefits after separation from service (within the meaning of section 401(h) or section 419(f)(2) of the Code), if any, otherwise treated as an annual addition.

C. INCREASE IN COMPENSATION LIMIT

1. Annual Compensation Limit. The annual compensation of each Participant taken into account in determining allocations for any plan year beginning after December 31, 2001, shall not exceed \$200,000, as adjusted for cost-of-living increases in accordance with section 401(a)(17)(B) of the Code. Annual compensation means compensation during the plan year or such other consecutive 12 month period over which compensation is otherwise determined under the plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year.
2. Plan Definition of Compensation. To the extent the Plan's definition of Compensation includes compensation not currently includable because of the application of Code Section 125 or 403(b), this definition is amended to include compensation not currently includable because of the application of Code §§ 132(f)(4) and 457.
3. Special Rule for Governmental Plans. Notwithstanding the above, employees of governmental employers who became Participants in the Plan before the first day of the plan year beginning after December 31, 1995, will be subject to the annual compensation limit in effect under the Plan before that date, as determined by IRS regulations.

D. DIRECT ROLLOVERS OF PLAN DISTRIBUTIONS

1. Effective date. This section shall apply to distributions made after December 31, 2001.
2. Modification of definition of eligible retirement plan. For purposes of the direct rollover provisions in Article VII of the Plan, an eligible retirement plan shall mean a qualified retirement plan described in section 401(a) or section 403(a), of the Code, a tax sheltered annuity plan described in section 403(b) of the Code and an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in section 414(p) of the Code.
3. Modification of definition of eligible rollover distribution to exclude hardship distributions. For purposes of the direct rollover provisions in Article VII of the Plan, any amount that is distributed on account of hardship shall not be an eligible rollover distribution and the distributee may not elect to have any portion of such a distribution paid directly to an eligible retirement plan.
3. Modification of definition of eligible rollover distribution to include after-tax employee contributions. For purposes of the direct rollover provisions in Article VII of the Plan, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

E. ROLLOVERS FROM OTHER PLANS

1. Direct Rollovers. The Plan will accept a direct rollover of an eligible rollover distribution from:
 - a. A qualified plan described in section 401(a) or 403(a) of the Code including after-tax employee contributions.
 - b. A tax sheltered annuity plan described in section 403(b) of the Code, excluding after-tax employee contributions.
 - c. An eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.
2. Participant Rollover Contributions from Other Plans. The Plan will accept a Participant contribution of an eligible rollover distribution from:
 - a. A qualified plan described in section 401(a) or 403(a) of the Code.
 - b. A tax sheltered annuity plan described in section 403(b) of the Code.
 - c. An eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.
3. Participant Rollover Contributions from IRAs. The Plan will accept a Participant rollover contribution of the portion of a distribution from an individual retirement account or annuity described in section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in gross income.

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

SUBJECT

Idaho Tax Deferred 403(b) Plan Adoption

REFERENCE

February 2008 Board directed staff to proceed with preparing an Idaho Tax Deferred 403(b) Plan to replace the separate 403(b) plans which have been offered by the institutions.

BACKGROUND/DISCUSSION

Staff has developed the attached Idaho Tax Deferred 403(b) Plan, which would be in addition to the SBOE existing 457 Deferred Compensation Plan. The new plan would supersede all 403(b) plans at the institutions. Some of the steps necessary to implement the 403(b) plan are the following:

- Solicit vendor Information Sharing Agreements to assess whether potential vendors are capable and/or willing to adhere to new record keeping procedures.
- Determine procedures for selecting “approved” vendors and method for adding and deleting vendors.
- Determine which vendors will be “approved” vendors in the initial Plan

The Information Sharing Agreements were sent out to the potential vendors subsequent to agenda preparation time. It is anticipated that some vendors may not want to participate in the Plan due to the cost of upgrading their record keeping systems outweighing the benefit of continuing to service a small number of employee participants.

IMPACT

Employees will be able to continue to use their current vendor provided the vendor signs the Information Sharing Agreement. If a vendor does not participate in the Plan, current employee contributions will need to be switched to another vendor. New employees will only be able to select a vendor from the list of “Approved” vendors. Over time, this will reduce the number of vendors used by all the institutions under the Plan.

The subcommittee determined a preliminary list of approved vendors by considering factors such as number of current participants, types of investment options, how vendors charge fees, and the type of vendor. The preliminary list of approved vendors is:

<u>Vendor</u>	<u>Type</u>
TIAA-CREF	ORP Provider
AIG Retirement	ORP Provider
American Funds	Brokerage
Waddell and Reed	Brokerage
Vanguard	No Load
Fidelity	No Load

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

The subcommittee will work on procedures for adding and deleting vendors from the list of approved vendors.

The vendors have asked for approximately four months to implement the new Plan into their procedures. By adopting the Plan in August, the Board will allow enough time for a smooth transition by the January 1, 2009 deadline.

ATTACHMENTS

Attachment 1 – Proposed Idaho Tax Deferred 403(b) Plan

Page 3

STAFF COMMENTS

Adoption of the Idaho Tax Deferred 403(b) Plan consolidates the individual plans at the institutions, ensures consistency with the other Board sponsored retirement plans, and reduces the number of plan sponsors at each institution to a manageable list of “approved” vendors to facilitate compliance.

BOARD ACTION

A motion to adopt the Idaho Tax Deferred 403(b) Plan as submitted.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

Idaho State Board of Education

Tax Deferred 403(b) Plan

**Section 1
Definition of Terms Used**

The following words and terms, when used in the Plan, have the meaning set forth below.

1.1 **"Account"**: The account or accumulation maintained for the benefit of any Participant or Beneficiary under an Annuity Contract or a Custodial Account.

1.2 **"Account Balance"**: The bookkeeping account maintained for each Participant which reflects the aggregate amount credited to the Participant's Account under all Accounts, including the Participant's Elective Deferrals, the earnings or loss of each Annuity Contract or a Custodial Account (net of expenses) allocable to the Participant, any transfers for the Participant's benefit, and any distribution made to the Participant or the Participant's Beneficiary. If a Participant has more than one Beneficiary at the time of the Participant's death, then a separate Account Balance shall be maintained for each Beneficiary. The Account Balance includes any account established under Section 6 for rollover contributions and plan-to-plan transfers made for a Participant, the account established for a Beneficiary after a Participant's death, and any account or accounts established for an alternate payee (as defined in section 414(p)(8) of the Code).

1.3 **"Administrator"**: The Idaho State Board of Education, located at 650 W. State Street, Boise, Idaho 83720, is the administrator of this Plan and has designated the following as responsible for enrolling Participants, sending Plan contributions for each Participant to the Fund Sponsor(s) selected by a Participant, and for performing other duties required for the operation of the Plan:

The Chief Fiscal Officer
The Office of the Idaho State Board of Education

The Financial Vice President
Boise State University

The Financial Vice President
Idaho State University

The Vice President for Finance and Administration
University of Idaho

The Financial Vice President
Lewis-Clark State College

The Financial Vice President
Eastern Idaho Technical College

1.4 "**Annuity Contract**": A nontransferable contract as defined in section 403(b)(1) of the Code, established for each Participant by the Employer, or by each Participant individually, that is issued by an insurance company qualified to issue annuities in [Insert name of State] and that includes payment in the form of an annuity.

1.5 "**Beneficiary**": The designated person who is entitled to receive benefits under the Plan after the death of a Participant, subject to such additional rules as may be set forth in the Individual Agreements.

1.6 "**Custodial Account**": The group or individual custodial account or accounts, as defined in section 403(b)(7) of the Code, established for each Participant by the Employer, or by each Participant individually, to hold assets of the Plan.

1.7 "**Code**": The Internal Revenue Code of 1986, as now in effect or as hereafter amended. All citations to sections of the Code are to such sections as they may from time to time be amended or renumbered.

1.8 "**Compensation**": All cash compensation for services to the Employer, including salary, wages, fees, commissions, bonuses, and overtime pay, that is includible in the Employee's gross income for the calendar year, plus amounts that would be cash compensation for services to the Employer includible in the Employee's gross income for the calendar year but for a compensation reduction election under section 125, 132(f), 401(k), 403(b), or 457(b) of the Code (including an election under Section 2 made to reduce compensation in order to have Elective Deferrals under the Plan).

1.9 "**Disabled**": The definition of disability provided in the applicable Individual Agreement.

1.10 "**Elective Deferral**": The Employer contributions made to the Plan at the election of the Participant in lieu of receiving cash compensation. Elective Deferrals are limited to pre-tax salary reduction contributions.

1.11 "**Employee**": Each individual, whether appointed or elected, who is a common law employee of the Employer performing services for a public school as an employee of the Employer. This definition is not applicable unless the employee's compensation for performing services for a public school is paid by the Employer. Further, a person occupying an elective or appointive public office is not an employee performing services for a public school unless such office is one to which an individual is elected or appointed only if the individual has received training, or is experienced, in the field of education. A public office includes any elective or appointive office of a State or local government.

1.12 "**Employer**": Employer means the Board and employment units under its jurisdiction, namely:

The Office of the Idaho State Board of Education
Boise State University
Idaho State University
University of Idaho
Lewis-Clark State College
Eastern Idaho Technical College

1.13 "**Funding Vehicles** ": The Annuity Contracts or Custodial Accounts issued for funding amounts held under the Plan and specifically approved by Employer for use under the Plan.

1.14 "**Includible Compensation**": An Employee's actual wages in box 1 of Form W-2 for a year for services to the Employer, but subject to a maximum of \$200,000 (or such higher maximum as may apply under section 401(a)(17) of the Code) and increased (up to the dollar maximum) by any compensation reduction election under section 125, 132(f), 401(k), 403(b), or 457(b) of the Code (including any Elective Deferral under the Plan). The amount of Includible Compensation is determined without regard to any community property laws.

1.15 "**Individual Agreement**": The agreements between a Vendor and the Employer or a Participant that constitutes or governs a Custodial Account or an Annuity Contract.

1.16 "**Participant**": An individual for whom Elective Deferrals are currently being made, or for whom Elective Deferrals have previously been made, under the Plan and who has not received a distribution of his or her entire benefit under the Plan.

1.17 "**Plan**": State Board of Education Tax Deferred 403(b) Plan.

1.18 "**Plan year**": The calendar year.

1.19 "**Related Employer**": The Employer and any other entity which is under common control with the Employer under section 414(b) or (c) of the Code. For this purpose, the Employer shall determine which entities are Related Employers based on a reasonable, good faith standard and taking into account the special rules applicable under Notice 89-23, 1989-1 C.B. 654.

1.20 "**Severance from Employment**": For purpose of the Plan, Severance from Employment means Severance from Employment with the Employer and any Related Entity. However, a Severance from Employment also occurs on any date on which an Employee ceases to be an employee of a public school, even though the Employee may continue to be employed by a Related Employer that is another unit of the State or local government that is not a public school or in a capacity that is not employment with a public school (e.g., ceasing to be an employee performing services for a public

school but continuing to work for the same State or local government employer).

1.21 "**Vendor**": The provider of an Annuity Contract or Custodial Account.

1.22 "**Valuation Date**": Each business day.

Section 2 Participation and Contributions

2.1 **Eligibility.** Each Employee shall be eligible to participate in the Plan and elect to have Elective Deferrals made on his or her behalf hereunder immediately upon becoming employed by the Employer.

2.2 **Compensation Reduction Election. General Rule.** An Employee elects to become a Participant by executing an election to reduce his or her Compensation (and have that amount contributed as an Elective Deferral on his or her behalf) and filing it with the Administrator. This Compensation reduction election shall be made on the agreement provided by the Administrator under which the Employee agrees to be bound by all the terms and conditions of the Plan. The Administrator may establish an annual minimum deferral amount no higher than \$200, and may change such minimum to a lower amount from time to time. The participation election shall also include designation of the Funding Vehicles and Accounts therein to which Elective Deferrals are to be made and a designation of Beneficiary. Any such election shall remain in effect until a new election is filed. Only an individual who performs services for the Employer as an Employee may reduce his or her Compensation under the Plan. Each Employee will become a Participant in accordance with the terms and conditions of the Individual Agreements. All Elective Deferrals shall be made on a pre-tax basis. An Employee shall become a Participant as soon as administratively practicable following the date applicable under the employee's election.

2.3 **Information Provided by the Employee.** Each Employee enrolling in the Plan should provide to the Administrator at the time of initial enrollment, and later if there are any changes, any information necessary or advisable for the Administrator to administer the Plan, including any information required under the Individual Agreements.

2.4 **Change in Elective Deferrals Election.** Subject to the provisions of the applicable Individual Agreements, an Employee may at any time revise his or her participation election, including a change of the amount of his or her Elective Deferrals, his or her investment direction, and his or her designated Beneficiary. A change in the investment direction shall take effect as of the date provided by the Administrator on a uniform basis for all Employees. A change in the Beneficiary designation shall take effect when the election is accepted by the Vendor.

2.5 **Contributions Made Promptly.** Elective Deferrals under the Plan shall be transferred to the applicable Funding Vehicle within 15 business days following the end of the pay date in which the amount would otherwise have been paid to the Participant.

2.6 **Leave of Absence.** Unless an election is otherwise revised, if an Employee is absent from work by leave of absence, Elective Deferrals under the Plan shall continue to the extent that Compensation continues.

Section 3 Limitations on Amounts Deferred

3.1 **Basic Annual Limitation.** Except as provided in Sections 3.2 and 3.3, the maximum amount of the Elective Deferral under the Plan for any calendar year shall not exceed the lesser of (a) the applicable dollar amount or (b) the Participant's Includible Compensation for the calendar year. The applicable dollar amount is the amount established under section 402(g)(1)(B) of the Code, which is \$15,500 for 2007, and is adjusted for cost-of-living after 2007 to the extent provided under section 415(d) of the Code.

3.2 **Special Section 403(b) Catch-up Limitation for Employees With 15 Years of Service.** Because the Employer is a qualified organization (within the meaning of § 1.403(b)-4(c)(3)(ii) of the Income Tax Regulations), the applicable dollar amount under Section 3.1(a) for any “qualified employee” is increased (to the extent provided in the Individual Agreements) by the least of:

- (a) \$3,000;
- (b) The excess of:
 - (1) \$15,000, over
 - (2) The total special 403(b) catch-up elective deferrals made for the qualified employee by the qualified organization for prior years; or
- (c) The excess of:
 - (1) \$5,000 multiplied by the number of years of service of the employee with the qualified organization, over
 - (2) The total Elective Deferrals made for the employee by the qualified organization for prior years.

For purposes of this Section 3.2, a “qualified employee” means an employee who has completed at least 15 years of service taking into account only employment with the Employer.

3.3 **Age 50 Catch-up Elective Deferral Contributions.** An Employee who is a Participant who will attain age 50 or more by the end of the calendar year is permitted to elect an additional amount of Elective Deferrals, up to the maximum age 50 catch-up Elective Deferrals for the year. The maximum dollar amount of the age 50 catch-up Elective Deferrals for a year is \$5,000 for 2007, and is adjusted for cost-of-living after 2007 to the extent provided under the Code.

3.4 **Coordination.** Amounts in excess of the limitation set forth in Section 3.1 shall be allocated first to the special 403(b) catch-up under Section 3.2 and next as an age 50 catch-up contribution under Section 3.3. However, in no event can the amount of the Elective Deferrals for a year be more than the Participant's Compensation for the year.

3.5 Special Rule for a Participant Covered by Another Section 403(b) Plan.

For purposes of this Section 3, if the Participant is or has been a participant in one or more other plans under section 403(b) of the Code (and any other plan that permits elective deferrals under section 402(g) of the Code), then this Plan and all such other plans shall be considered as one plan for purposes of applying the foregoing limitations of this Section 3. For this purpose, the Administrator shall take into account any other such plan maintained by any Related Employer and shall also take into account any other such plan for which the Administrator receives from the Participant sufficient information concerning his or her participation in such other plan. Notwithstanding the foregoing, another plan maintained by a Related Entity shall be taken into account for purposes of Section 3.2 only if the other plan is a § 403(b) plan.

3.6 Correction of Excess Elective Deferrals. If the Elective Deferral on behalf of a Participant for any calendar year exceeds the limitations described above, or the Elective Deferral on behalf of a Participant for any calendar year exceeds the limitations described above when combined with other amounts deferred by the Participant under another plan of the employer under section 403(b) of the Code (and any other plan that permits elective deferrals under section 402(g) of the Code for which the Participant provides information that is accepted by the Administrator), then the Elective Deferral, to the extent in excess of the applicable limitation (adjusted for any income or loss in value, if any, allocable thereto), shall be distributed to the Participant.

3.7 Protection of Persons Who Serve in a Uniformed Service. An Employee whose employment is interrupted by qualified military service under section 414(u) of the Code or who is on a leave of absence for qualified military service under section 414(u) of the Code may elect to make additional Elective Deferrals upon resumption of employment with the Employer equal to the maximum Elective Deferrals that the Employee could have elected during that period if the Employee's employment with the Employer had continued (at the same level of Compensation) without the interruption or leave, reduced by the Elective Deferrals, if any, actually made for the Employee during the period of the interruption or leave. Except to the extent provided under section 414(u) of the Code, this right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave).

Section 4 Loans

4.1 **Loans**. Loans shall be permitted under the Plan to the extent permitted by the Individual Agreements controlling the Account assets from which the loan is made and by which the loan will be secured.

4.2 **Information Coordination Concerning Loans**. Each Vendor is responsible for all information reporting and tax withholding required by applicable federal and state law in connection with distributions and loans. To minimize the instances in which Participants have taxable income as a result of loans from the Plan, the Administrator shall take such steps as may be appropriate to coordinate the limitations on loans set forth in Section 4.3, including the collection of information from Vendors, and transmission of information requested by any Vendor, concerning the outstanding balance of any loans made to a Participant under the Plan or any other plan of the Employer. The Administrator shall also take such steps as may be appropriate to collect information from Vendors, and transmission of information to any Vendor, concerning any failure by a Participant to repay timely any loans made to a Participant under the Plan or any other plan of the Employer.

4.3 **Maximum Loan Amount**. No loan to a Participant under the Plan may exceed the lesser of:

(a) \$50,000, reduced by the greater of (i) the outstanding balance on any loan from the Plan to the Participant on the date the loan is made or (ii) the highest outstanding balance on loans from the Plan to the Participant during the one-year period ending on the day before the date the loan is approved by the Administrator (not taking into account any payments made during such one-year period); or

(b) one half of the value of the Participant's vested Account Balance (as of the valuation date immediately preceding the date on which such loan is approved by the Administrator).

For purposes of this Section 4.3, any loan from any other plan maintained by the Employer and any Related Employer shall be treated as if it were a loan made from the Plan, and the Participant's vested interest under any such other plan shall be considered a vested interest under this Plan; provided, however, that the provisions of this paragraph shall not be applied so as to allow the amount of a loan to exceed the amount that would otherwise be permitted in the absence of this paragraph.

Section 5 Benefit Distributions

5.1 Benefit Distributions At Severance from Employment or Other Distribution Event. Except as permitted under Section 3.6 (relating to excess Elective Deferrals), Section 5.4 (relating to withdrawals of amounts rolled over into the Plan), Section 5.5 (relating to hardship), or Section 8.3 (relating to termination of the Plan), distributions from a Participant's Account may not be made earlier than the earliest of the date on which the Participant has a Severance from Employment, dies, becomes Disabled, or attains age 59½. Distributions shall otherwise be made in accordance with the terms of the Individual Agreements.

5.2 Small Account Balances. The terms of the Individual Agreement may permit distributions to be made in the form of a lump-sum payment, without the consent of the Participant or Beneficiary, but no such payment may be made without the consent of the Participant or Beneficiary unless the Account Balance does not exceed \$5,000 (determined without regard to any separate account that holds rollover contributions under Section 6.1) and any such distribution shall comply with the requirements of section 401(a)(31)(B) of the Code (relating to automatic distribution as a direct rollover to an individual retirement plan for distributions in excess of \$1,000).

5.3 Minimum Distributions. Each Individual Agreement shall comply with the minimum distribution requirements of section 401(a)(9) of the Code and the regulations thereunder. For purposes of applying the distribution rules of section 401(a)(9) of the Code, each Individual Agreement is treated as an individual retirement account (IRA) and distributions shall be made in accordance with the provisions of § 1.408-8 of the Income Tax Regulations, except as provided in § 1.403(b)-6(e) of the Income Tax Regulations.

5.4 In-Service Distributions From Rollover Account. If a Participant has a separate account attributable to rollover contributions to the plan, to the extent permitted by the applicable Individual Agreement, the Participant may at any time elect to receive a distribution of all or any portion of the amount held in the rollover account.

5.5 Hardship Withdrawals.

(a) Hardship withdrawals shall be permitted under the Plan to the extent permitted by the Individual Agreements controlling the Account assets to be withdrawn to satisfy the hardship. If applicable under an Individual Agreement, no Elective Deferrals shall be allowed under the Plan during the 6-month period beginning on the date the Participant receives a distribution on account of hardship.

(b) The Individual Agreements shall provide for the exchange of information among the Employer and the Vendors to the extent necessary to implement the Individual Agreements, including, in the case of a hardship withdrawal that is automatically deemed to be necessary to satisfy the Participant's financial need (pursuant to § 1.401(k)1(d)(3)(iv)(E) of the Income Tax Regulations), the Vendor notifying the Employer of the withdrawal in order for the Employer to implement the resulting 6-month suspension of the Participant's right to make Elective Deferrals under the Plan. In addition, in the case of a hardship withdrawal that is not automatically deemed to be necessary to satisfy the financial need (pursuant to § 1.401(k)-1(d)(3)(iii)(B) of the Income Tax Regulations), the Vendor shall obtain information from the Employer or other Vendors to determine the amount of any plan loans and rollover accounts that are available to the Participant under the Plan to satisfy the financial need.

5.6 Rollover Distributions.

(a) A Participant or the Beneficiary of a deceased Participant (or a Participant's spouse or former spouse who is an alternate payee under a domestic relations order, as defined in section 414(p) of the Code) who is entitled to an eligible rollover distribution may elect to have any portion of an eligible rollover distribution (as defined in section 402(c)(4) of the Code) from the Plan paid directly to an eligible retirement plan (as defined in section 402(c)(8)(B) of the Code) specified by the Participant in a direct rollover. In the case of a distribution to a Beneficiary who at the time of the Participant's death was neither the spouse of the Participant nor the spouse or former spouse of the participant who is an alternate payee under a domestic relations order, a direct rollover is payable only to an individual retirement account or individual retirement annuity (IRA) that has been established on behalf of the Beneficiary as an inherited IRA (within the meaning of section 408(d)(3)(C) of the Code).

(b) Each Vendor shall be separately responsible for providing, within a reasonable time period before making an initial eligible rollover distribution, an explanation to the Participant of his or her right to elect a direct rollover and the income tax withholding consequences of not electing a direct rollover.

Section 6 Rollovers to the Plan and Transfers

6.1 Eligible Rollover Contributions to the Plan.

(a) **Eligible Rollover Contributions.** To the extent provided in the Individual Agreements, an Employee who is a Participant who is entitled to receive an eligible rollover distribution from another eligible retirement plan may request to have all or a portion of the eligible rollover distribution paid to the Plan. Such rollover contributions shall be made in the form of cash only. The Vendor may require such documentation from the distributing plan as it deems necessary to effectuate the rollover in accordance with section 402 of the Code and to confirm that such plan is an eligible retirement plan within the meaning of section 402(c)(8)(B) of the Code. However, in no event does the Plan accept a rollover contribution from a Roth IRA described in section 408A of the Code.

(b) **Eligible Rollover Distribution.** For purposes of Section 6.1(a), an eligible rollover distribution means any distribution of all or any portion of a Participant's benefit under another eligible retirement plan, except that an eligible rollover distribution does not include (1) any installment payment for a period of 10 years or more, (2) any distribution made as a result of an unforeseeable emergency or other distribution which is made upon hardship of the employee, or (3) for any other distribution, the portion, if any, of the distribution that is a required minimum distribution under section 401(a)(9) of the Code. In addition, an eligible retirement plan means an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, a qualified trust described in section 401(a) of the Code, an annuity plan described in section 403(a) or 403(b) of the Code, or an eligible governmental plan described in section 457(b) of the Code, that accepts the eligible rollover distribution.

(c) **Separate Accounts.** The Vendor shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan.

6.2 Plan-to-Plan Transfers to the Plan.

(a) At the direction of the Employer, for a class of Employees who are participants or beneficiaries in another plan under section 403(b) of the Code, the Administrator may permit a transfer of assets to the Plan as provided in this Section 6.2. Such a transfer is permitted only if the other plan provides for the direct transfer of each person's entire interest therein to the Plan and the participant is an employee or former employee of the Employer. The Administrator and any Vendor accepting such transferred amounts may require that the transfer be in cash or other property acceptable to it. The Administrator or any Vendor accepting such transferred amounts may require such documentation from the other plan as it deems necessary to effectuate the transfer in accordance with § 1.403(b)-10(b)(3) of the Income Tax Regulations and to confirm that the other plan is a plan that satisfies section 403(b) of the Code.

(b) The amount so transferred shall be credited to the Participant's Account Balance, so that the Participant or Beneficiary whose assets are being transferred has an accumulated benefit immediately after the transfer at least equal to the accumulated benefit with respect to that Participant or Beneficiary immediately before the transfer.

(c) To the extent provided in the Individual Agreements holding such transferred amounts, the amount transferred shall be held, accounted for, administered and otherwise treated in the same manner as an Elective Deferral by the Participant under the Plan, except that (1) the Individual Agreement which holds any amount transferred to the Plan must provide that, to the extent any amount transferred is subject to any distribution restrictions required under section 403(b) of the Code, the Individual Agreement must impose restrictions on distributions to the Participant or Beneficiary whose assets are being transferred that are not less stringent than those imposed on the transferor plan and (2) the transferred amount shall not be considered an Elective Deferral under the Plan in determining the maximum deferral under Section 3.

6.3 Plan-to-Plan Transfers from the Plan.

(a) At the direction of the Employer, the Administrator may permit a class of Participants and Beneficiaries to elect to have all or any portion of their Account Balance transferred to another plan that satisfies section 403(b) of the Code in accordance with § 1.403(b)-10(b)(3) of the Income Tax Regulations. A transfer is permitted under this Section 6.3(a) only if the Participants or Beneficiaries are employees or former employees of the employer (or the business of the employer) under the receiving plan and the other plan provides for the acceptance of plan-to-plan transfers with respect to the Participants and Beneficiaries and for each Participant and Beneficiary to have an amount deferred under the other plan immediately after the transfer at least equal to the amount transferred.

(b) The other plan must provide that, to the extent any amount transferred is subject to any distribution restrictions required under section 403(b) of the Code, the other plan shall impose restrictions on distributions to the Participant or Beneficiary whose assets are transferred that are not less stringent than those imposed under the Plan. In addition, if the transfer does not constitute a complete transfer of the Participant's or Beneficiary's interest in the Plan, the other plan shall treat the amount transferred as a continuation of a pro rata portion of the Participant's or Beneficiary's interest in the transferor plan (e.g., a pro rata portion of the Participant's or Beneficiary's interest in any after-tax employee contributions).

(c) Upon the transfer of assets under this Section 6.3, the Plan's liability to pay benefits to the Participant or Beneficiary under this Plan shall be discharged to the extent of the amount so transferred for the Participant or Beneficiary. The Administrator may require such documentation from the receiving plan as it deems appropriate or necessary to comply with this Section 6.3 (for example, to confirm that the receiving plan satisfies section 403(b) of the Code and to assure that the transfer is permitted under the receiving plan) or to effectuate the transfer pursuant to § 1.403(b)-10(b)(3) of the Income Tax Regulations.

6.4 Contract and Custodial Account Exchanges.

(a) A Participant or Beneficiary is permitted to change the investment of his or her Account Balance among the Vendors under the Plan, subject to the terms of the Individual Agreements. However, an investment change that includes an investment with a Vendor that is not eligible to receive contributions under Section 2 (referred to below as an exchange) is not permitted unless the conditions in paragraphs (b) through (d) of this Section 6.4 are satisfied.

(b) The Participant or Beneficiary must have an Account Balance immediately after the exchange that is at least equal to the Account Balance of that Participant or Beneficiary immediately before the exchange (taking into account the Account Balance of that Participant or Beneficiary under both section 403(b) contracts or custodial accounts immediately before the exchange).

(c) The Individual Agreement with the receiving Vendor has distribution restrictions with respect to the Participant that are not less stringent than those imposed on the investment being exchanged.

(d) The Employer enters into an agreement with the receiving Vendor for the other contract or custodial account under which the Employer and the Vendor will from time to time in the future provide each other with the following information:

(1) Information necessary for the resulting contract or custodial account, or any other contract or custodial accounts to which contributions have been made by the Employer, to satisfy section 403(b) of the Code, including the following:

(i) the Employer providing information as to whether the Participant's employment with the Employer is continuing, and notifying the Vendor when the Participant has had a Severance from Employment (for purposes of the distribution restrictions in Section 5.1);

(ii) the Vendor notifying the Employer of any hardship withdrawal under Section 5.5 if the withdrawal results in a 6-month suspension of the Participant's right to make Elective Deferrals under the Plan; and (iii) the Vendor providing information to the Employer or other Vendors concerning the Participant's or Beneficiary's section 403(b) contracts or custodial accounts or qualified employer plan benefits (to enable a Vendor to determine the amount of any plan loans and any rollover accounts that are available to the Participant under the Plan in order to satisfy the financial need under the hardship withdrawal rules of Section 5.5); and

(2) Information necessary in order for the resulting contract or custodial account and any other contract or custodial account to which contributions have been made for the Participant by the Employer to satisfy other tax requirements, including the following:

(i) the amount of any plan loan that is outstanding to the Participant in order for a Vendor to determine whether an additional plan loan satisfies the loan limitations of Section 4.3, so that any such additional loan is not a deemed distribution under section 72(p)(1);

(ii) information concerning the Participant's or Beneficiary's after-tax employee contributions in order for a Vendor to determine the extent to which a distribution is includible in gross income.

(e) If any Vendor ceases to be eligible to receive Elective Deferrals under the Plan, the Employer will enter into an information sharing agreement as described in Section 6.4(d) to the extent the Employer's contract with the Vendor does not provide for the exchange of information described in Section 6.4(d)(1) and (2).

6.5 Permissive Service Credit Transfers.

(a) If a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in section 414(d) of the Code) that provides for the acceptance of plan-to-plan transfers with respect to the Participant, then the Participant may elect to have any portion of the Participant's Account Balance transferred to the defined benefit governmental plan. A transfer under this Section 6.5(a) may be made before the Participant has had a Severance from Employment.

(b) A transfer may be made under Section 6.5(a) only if the transfer is either for the purchase of permissive service credit (as defined in section 415(n)(3)(A) of the Code) under the receiving defined benefit governmental plan or a repayment to which section 415 of the Code does not apply by reason of section 415(k)(3) of the Code.

(c) In addition, if a plan-to-plan transfer does not constitute a complete transfer of the Participant's or Beneficiary's interest in the transferor plan, the Plan shall treat the amount transferred as a continuation of a pro rata portion of the Participant's or Beneficiary's interest in the transferor plan (e.g., a pro rata portion of the Participant's or Beneficiary's interest in any after-tax employee contributions).

Section 7 Investment of Contributions

7.1 **Manner of Investment.** All Elective Deferrals or other amounts contributed to the Plan, all property and rights purchased with such amounts under the Funding Vehicles, and all income attributable to such amounts, property, or rights shall be held and invested in one or more Annuity Contracts or Custodial Accounts. Each Custodial Account shall provide for it to be impossible, prior to the satisfaction of all liabilities with respect to Participants and their Beneficiaries, for any part of the assets and income of the Custodial Account to be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries.

7.2 **Investment of Contributions.** Each Participant or Beneficiary shall direct the investment of his or her Account among the investment options available under the Annuity Contract or Custodial Account in accordance with the terms of the Individual Agreements. Transfers among Annuity Contracts and Custodial Accounts may be made to the extent provided in the Individual Agreements and permitted under applicable Income Tax Regulations.

7.3 **Current and Former Vendors.** The Administrator shall maintain a list of all Vendors under the Plan. Such list is hereby incorporated as part of the Plan. Each Vendor and the Administrator shall exchange such information as may be necessary to satisfy section 403(b) of the Code or other requirements of applicable law. In the case of a Vendor which is not eligible to receive Elective Deferrals under the Plan (including a Vendor which has ceased to be a Vendor eligible to receive Elective Deferrals under the Plan and a Vendor holding assets under the Plan in accordance with Section 6.2 or 6.4), the Employer shall keep the Vendor informed of the name and contact information of the Administrator in order to coordinate information necessary to satisfy section 403(b) of the Code or other requirements of applicable law.

Section 8
Amendment and Plan Termination

8.1 **Termination of Contributions**. The Employer has adopted the Plan with the intention and expectation that contributions will be continued indefinitely. However, the Employer has no obligation or liability whatsoever to maintain the Plan for any length of time and may discontinue contributions under the Plan at any time without any liability hereunder for any such discontinuance.

8.2 **Amendment and Termination**. The Employer reserves the authority to amend or terminate this Plan at any time.

8.3 **Distribution upon Termination of the Plan**. The Employer may provide that, in connection with a termination of the Plan and subject to any restrictions contained in the Individual Agreements, all Accounts will be distributed, provided that the Employer and any Related Employer on the date of termination do not make contributions to an alternative section 403(b) contract that is not part of the Plan during the period beginning on the date of plan termination and ending 12 months after the distribution of all assets from the Plan, except as permitted by the Income Tax Regulations.

Section 9 Miscellaneous

9.1 **Non-Assignability.** Except as provided in Section 9.2 and 9.3, the interests of each Participant or Beneficiary under the Plan are not subject to the claims of the Participant's or Beneficiary's creditors; and neither the Participant nor any Beneficiary shall have any right to sell, assign, transfer, or otherwise convey the right to receive any payments hereunder or any interest under the Plan, which payments and interest are expressly declared to be non-assignable and non-transferable.

9.2 **Domestic Relation Orders.** Notwithstanding Section 9.1, if a judgment, decree or order (including approval of a property settlement agreement) that relates to the provision of child support, alimony payments, or the marital property rights of a spouse or former spouse, child, or other dependent of a Participant is made pursuant to the domestic relations law of any State ("domestic relations order"), then the amount of the Participant's Account Balance shall be paid in the manner and to the person or persons so directed in the domestic relations order. Such payment shall be made without regard to whether the Participant is eligible for a distribution of benefits under the Plan. The Administrator shall establish reasonable procedures for determining the status of any such decree or order and for effectuating distribution pursuant to the domestic relations order.

9.3 **IRS Levy.** Notwithstanding Section 9.1, the Administrator may pay from a Participant's or Beneficiary's Account Balance the amount that the Administrator finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary.

9.4 **Tax Withholding.** Contributions to the Plan are subject to applicable employment taxes (including, if applicable, Federal Insurance Contributions Act (FICA) taxes with respect to Elective Deferrals, which constitute wages under section 3121 of the Code). Any benefit payment made under the Plan is subject to applicable income tax withholding requirements (including section 3401 of the Code and the Employment Tax Regulations thereunder). A payee shall provide such information as the Administrator may need to satisfy income tax withholding obligations, and any other information that may be required by guidance issued under the Code.

9.5 **Payments to Minors and Incompetents.** If a Participant or Beneficiary entitled to receive any benefits hereunder is a minor or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, or is deemed so by the Administrator, benefits will be paid to such person as the Administrator may designate for the benefit of such Participant or Beneficiary. Such payments shall be considered a payment to such Participant or Beneficiary and shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.

9.6 **Mistaken Contributions.** If any contribution (or any portion of a contribution) is made to the Plan by a good faith mistake of fact, then within one year after the payment of the contribution, and upon receipt in good order of a proper request approved by the Administrator, the amount of the mistaken contribution (adjusted for any income or loss in value, if any, allocable thereto) shall be returned directly to the Participant or, to the extent required or permitted by the Administrator, to the Employer.

9.7 **Procedure When Distributee Cannot Be Located.** The Administrator shall make all reasonable attempts to determine the identity and address of a Participant or a Participant's Beneficiary entitled to benefits under the Plan. For this purpose, a reasonable attempt means (a) the mailing by certified mail of a notice to the last known address shown on [INSERT NAME OF THE EMPLOYER]'s or the Administrator's records, (b) notification sent to the Social Security Administration or the Pension Benefit Guaranty Corporation (under their program to identify payees under retirement plans), and (c) the payee has not responded within 6 months. If the Administrator is unable to locate such a person entitled to benefits hereunder, or if there has been no claim made for such benefits, the funding vehicle shall continue to hold the benefits due such person.

9.8 **Incorporation of Individual Agreements.** The Plan, together with the Individual Agreements, is intended to satisfy the requirements of section 403(b) of the Code and the Income Tax Regulations thereunder. Terms and conditions of the Individual Agreements are hereby incorporated by reference into the Plan, excluding those terms that are inconsistent with the Plan or section 403(b) of the Code.

9.9 **Governing Law.** The Plan will be construed, administered and enforced according to the Code and the laws of the State in which the Employer has its principal place of business.

9.10 **Headings.** Headings of the Plan have been inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof.

9.11 **Gender.** Pronouns used in the Plan in the masculine or feminine gender include both genders unless the context clearly indicates otherwise.

Section 10

Roth Deferrals

10.1. **Roth Elective Deferrals Are Permitted.** Effective January 1, 2009, the Plan accepts Roth Elective Deferrals as described in this Section 10. Roth Elective Deferrals shall be treated in the same manner as Elective Deferrals for all Plan purposes except as provided in this Section 10.

10.2. **Elective Deferrals.** The term “Elective Deferrals” includes Pre-Tax Elective Deferrals and Roth Elective Deferrals.

10.3. **Pre-Tax Elective Deferrals.** The term “Pre-Tax Elective Deferrals” means a Participant’s Elective Deferrals that are not includible in the Participant’s gross income at the time deferred and have been irrevocably designated as Pre-Tax Elective Deferrals by the Participant in the Participant’s Elective Deferral agreement. A Participant’s Pre-Tax Elective Deferrals will be separately accounted for, as will gains and losses attributable to those Pre-Tax Elective Deferrals, in a Pre-Tax Elective Deferrals Account.

10.4. **Roth Elective Deferrals.** The term “Roth Elective Deferrals” means Elective Deferrals that are includible in the Participant’s gross income at the time deferred and that have been irrevocably designated as Roth Elective Deferrals by the Participant in the Participant’s Elective Deferral agreement. A Participant’s Roth Elective Deferrals will be separately accounted for, as will gains and losses attributable to those Roth Elective Deferrals, in a Roth Elective Deferral Account. The Roth Elective Deferral Account will maintain a record of the Participant’s investment in the contract. No contributions other than Roth Elective Deferrals may be allocated to the Roth Elective Deferral Account.

10.5. **Ordering Rule for Withdrawals and Distributions.** The Administrator may implement an ordering rule for withdrawals and distributions from a Participant’s Roth Elective Deferral Account and Pre-Tax Elective Deferral Account. Such ordering rules may specify whether the Roth Elective Deferral Account or the Pre-Tax Elective Deferral Account is distributed or withdrawn first. The rule may permit the Participant to elect which type of Elective Deferral Account is distributed or withdrawn first. If an ordering rule is not established, or if the Participant fails to make an election although the Administrator allows a Participant to elect an ordering rule, the Roth Elective Deferral Account shall immediately follow the Pre-Tax Elective Deferral Account in applying the withdrawal or distribution.

10.6. **Corrective Distributions Attributable to Roth Elective Deferrals.** For any Plan Year in which a Participant may make both Roth Elective Deferrals and Pre-Tax Elective Deferrals, the Administrator may implement an ordering rule for the distribution of excess deferrals under Code section 402(g) and excess annual additions under Code section 415. Such ordering rule may specify whether the portion of the excess attributable to the Pre-Tax Elective Deferral Account or to the Roth Elective Deferral Account is

distributed first, to the extent such type of Elective Deferral was made for the year. The rule may permit the Participant to elect which type of Elective Deferral is distributed first. If an ordering rule is not established, or if the Participant fails to make an election although the Administrator allows a Participant to elect an ordering rule, the Roth Elective Deferral Account shall immediately follow the Pre-Tax Elective Deferral Account when distributing the excess.

10.7. **Loans.** The Administrator may modify the Plan loan policy to provide an ordering rule with respect to whether the default of a loan is attributed to a Participant's Pre-Tax Elective Deferral Account or Roth Elective Deferral Account. If an ordering rule is not established, the Roth Elective Deferral Account shall immediately follow the Pre-Tax Elective Deferral Account in applying the loan default.

10.8. **Rollovers Out of Roth Elective Deferral Account.** A direct rollover of a distribution from a Participant's Roth Elective Deferral Account shall only be made to another Roth Elective Deferral Account of an applicable retirement plan as described in Code section 402A(e)(1) or to a Roth IRA as described in Code section 408A, and only to the extent the rollover is permitted under Code section 402(c).

10.9. **Rollovers Into the Roth Elective Deferral Account.** The Plan shall accept a rollover contribution into a Participant's Roth Elective Deferral Account only if it is a direct rollover from another Roth Elective Deferral account of an applicable retirement plan as described in Code section 402A(e)(1) and only to the extent the rollover is permitted under the rules of Code section 402(c). A Roth Elective Deferral Rollover Account shall be established to hold such rollover contributions. The Administrator, on a uniform and nondiscriminatory basis, may decide whether to accept any such rollovers to the Plan.

10.10. **Operational Compliance.** The Plan will comply with applicable Treasury regulations or other binding authority not reflected in this Section 10. Any applicable regulations or other binding authority shall supersede any contrary provisions of this Section 10, except as provided in Section 10.

IN WITNESS WHEREOF, the Employer has caused this Plan to be executed this ____ day of _____, _____.

Employer: _____

By: _____

Title: _____

Date signed: _____

Effective Date of the Plan: _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

SUBJECT

First reading to amend Board policy V.I. Real and Personal Property Services and policy V.K. Construction Projects

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.I.3.a and V.K.1-3.

BACKGROUND / DISCUSSION

Board policy regarding capital project revisions has not been clear in determining when an institution or agency needs to get Board approval.

Current policy requires that revisions that substantially alter the use of the project causing changes in project costs between \$250,000 and \$500,000 must first be submitted to the executive director for review and approval. Changes in project costs of more than \$500,000 must first be submitted to the Board for its review and approval. There has been some confusion over whether the threshold referred to each incremental change or to the aggregate total project cost.

IMPACT

The attached revised policies will increase the threshold for Executive Director approval from \$250,000 to \$500,000 and increase the threshold for Board approval from \$500,000 to \$1,000,000. The policies will also clarify when approvals need to be authorized and who needs to authorize the change.

ATTACHMENTS

Attachment 1 - Revised Governing Policy Section V.I.3.a
Attachment 2 - Revised Governing Policy Section V.K.1-3

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STAFF COMMENTS AND RECOMMENDATIONS

The revised policies will assist the Board and Executive Director in maintaining their level of oversight while clarifying when approval is required.

BOARD ACTION

A motion to approve the first reading of the amendment to Board Policy V.I. – Real and Personal Property Services. and Policy V.K. Construction Projects.

Moved _____ Seconded _____ Carried Yes _____ No _____

A motion to approve the first reading of the amendment to Board Policy V.K. Construction Projects.

Moved _____ Seconded _____ Carried Yes _____ No _____

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Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES

ATTACHMENT 1

SECTION: V. FINANCIAL AFFAIRS

Subsection: I. Real and Personal Property and Services

~~April 2002~~ August 2008

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. Acquisition of a real property interest, other than a leasehold interest, with a purchase price between \$500,000 and \$1,000,000 requires prior approval by the Executive Director. A purchase exceeding \$1,000,000 requires prior Board approval.
- ~~a~~b. 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~~c. 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.

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES

ATTACHMENT 1

SECTION: V. FINANCIAL AFFAIRS

Subsection: I. Real and Personal Property and Services

~~April 2002~~ August 2008

~~ed.~~ 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.)

~~de.~~ Acquisition of ~~an option, lease, or any other present or future~~ a leasehold 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)~~ one million dollars (\$1,000,000) annually over the term, or by the Executive Director if the cost exceeds five hundred thousand dollars (\$500,000) over the term.

~~ef.~~ 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.

~~fg.~~ 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.

~~gh.~~ Execution.

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

3. Acquisition of Personal Property and Services

a. Purchases of equipment, data processing software and equipment, and all contracts for consulting or professional services either in total or through time purchase or other financing agreements, between ~~two hundred fifty~~ five hundred thousand dollars ~~(\$250,000)~~ (\$500,000) and ~~five hundred thousand~~ one million dollars ~~(\$500,000)~~ (\$1,000,000) 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~~ one million dollars ~~(\$500,000)~~ (\$1,000,000) require prior Board approval. If the project budget for a purchase increases above the approved amount, then

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~~April 2002~~ August 2008

the institution, school, or agency may be required to seek further authorization, as follows:

<u>Project Originally Authorized By</u>	<u>Original Project Cost</u>	<u>Cumulative Value of Change(s)</u>	<u>Aggregate Revised Project Cost</u>	<u>Change Authorized By</u>
<u>Local Agency</u>	<u>< \$500,000</u>	<u>Any</u>	<u>< \$500,000</u>	<u>Local Agency</u>
<u>Local Agency</u>	<u>< \$500,000</u>	<u>Any</u>	<u>\$500,000-\$1,000,000</u>	<u>Executive Director</u>
<u>Local Agency</u>	<u><\$500,000</u>	<u>Any</u>	<u>> \$1,000,000</u>	<u>SBOE</u>
<u>Executive Director</u>	<u>\$500,000-\$1,000,000</u>	<u>< \$250,000</u>	<u>< \$1,000,000</u>	<u>Local Agency</u>
<u>Executive Director</u>	<u>\$500,000-\$1,000,000</u>	<u>>= \$250,000</u>	<u>< \$1,000,000</u>	<u>Executive Director</u>
<u>Executive Director</u>	<u>\$500,000-\$1,000,000</u>	<u>Any</u>	<u>>\$1,000,000</u>	<u>SBOE</u>
<u>SBOE</u>	<u>> \$1,000,000</u>	<u>< \$500,000</u>	<u>Any</u>	<u>Local Agency</u>
<u>SBOE</u>	<u>> \$1,000,000</u>	<u>\$500,000-\$1,000,000</u>	<u>Any</u>	<u>Executive Director</u>
<u>SBOE</u>	<u>> \$1,000,000</u>	<u>>\$1,000,000</u>	<u>Any</u>	<u>SBOE</u>

All modifications approved by the Executive Director shall be reported quarterly to the Board.

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

4. Hold of Personal Property

a. Inventory

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

b. Insurance

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

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES

ATTACHMENT 1

SECTION: V. FINANCIAL AFFAIRS

Subsection: I. Real and Personal Property and Services

~~April 2002~~ August 2008

c. Vehicle Use

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

5. Disposal of Real Property

a. Temporary Permits

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

b. Board approval of other transfers

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

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

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

6. Disposal of Personal Property

Sale, surplus disposal, trade-in, or exchange of property with a value greater than five hundred thousand dollars (\$500,000) and less than one million dollars (\$1,000,000) requires prior approval by the Executive Director. Sale, surplus disposal, trade-in, or exchange of property with a value greater than ~~two hundred fifty thousand dollars (\$250,000)~~ one million dollars (\$1,000,000) requires prior Board approval.— All disposals approved by the Executive Director shall be reported quarterly to the Board.

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES

ATTACHMENT 1

SECTION: V. FINANCIAL AFFAIRS

Subsection: I. Real and Personal Property and Services

~~April 2002~~ August 2008

a. First Refusal

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

b. Sale of Services

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

c. Inter-agency Transfer

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

~~7. Litigation~~

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

~~8. Intellectual Property~~

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

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES

ATTACHMENT 1

SECTION: V. FINANCIAL AFFAIRS

Subsection: I. Real and Personal Property and Services

~~April 2002~~ August 2008

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1. Major Project Approvals - Proposed Plans

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

2. Project Approvals

Without regard to the source of funding, proposals by any institution, school or agency under the governance of the Board to make capital improvements, either in the form of renovation or addition to or demolition of existing facilities, when the cost of the project is estimated to be between ~~two hundred fifty thousand dollars (\$250,000)~~five hundred thousand dollars (\$500,000) and ~~five hundred thousand dollars (\$500,000)~~one million (\$1,000,000), must first be submitted to the executive director for review and approval. Without regard to the source of funding, proposals by any institution, school or agency under the governance of the Board to make capital improvements, either in the form of renovation or addition to or demolition of existing facilities or construction of new facilities, when the cost of the project is estimated to exceed ~~five hundred thousand dollars (\$500,000)~~one million (\$1,000,000), must first be submitted to the Board for its review and approval. Project cost must be detailed by major category (construction cost, architecture fees, contingency funds, and other). When a project is under the primary supervision of the Board of Regents or the Board and its institutions, school or agencies, a separate budget line for architects, engineers, or construction managers and engineering services must be identified for the project cost. Budgets for maintenance, repair, and upkeep of existing facilities must be submitted for Board review and approval as a part of the annual operating budget of the institution, school or agency.

3. Fiscal Revisions to Previously Approved Projects

~~Project revisions that substantially alter the use of the project causing changes in project costs between two hundred fifty thousand dollars (\$250,000) and five hundred thousand dollars (\$500,000) must first be submitted to the executive director for review and approval. Changes in project costs of more than five hundred thousand dollars (\$500,000) must first be submitted to the Board for its review and approval. Requests must be supported by a revised detailed project budget and justification for changes. If the project budget increases above the approved amount, then the institution, school, or agency may be required to seek further authorization, as follows:~~

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

ATTACHMENT 2

~~April 2002~~ August 2008

<u>Project Originally Authorized By</u>	<u>Original Project Cost</u>	<u>Cumulative Value of Change(s)</u>	<u>Aggregate Revised Project Cost</u>	<u>Change Authorized By</u>
<u>Local Agency</u>	<u>< \$500,000</u>	<u>Any</u>	<u>< \$500,000</u>	<u>Local Agency</u>
<u>Local Agency</u>	<u>< \$500,000</u>	<u>Any</u>	<u>\$500,000-\$1,000,000</u>	<u>Executive Director</u>
<u>Local Agency</u>	<u><\$500,000</u>	<u>Any</u>	<u>> \$1,000,000</u>	<u>SBOE</u>
<u>Executive Director</u>	<u>\$500,000-\$1,000,000</u>	<u>< \$250,000</u>	<u>< \$1,000,000</u>	<u>Local Agency</u>
<u>Executive Director</u>	<u>\$500,000-\$1,000,000</u>	<u>>= \$250,000</u>	<u>< \$1,000,000</u>	<u>Executive Director</u>
<u>Executive Director</u>	<u>\$500,000-\$1,000,000</u>	<u>Any</u>	<u>>\$1,000,000</u>	<u>SBOE</u>
<u>SBOE</u>	<u>> \$1,000,000</u>	<u>< \$500,000</u>	<u>Any</u>	<u>Local Agency</u>
<u>SBOE</u>	<u>> \$1,000,000</u>	<u>\$500,000-\$1,000,000</u>	<u>Any</u>	<u>Executive Director</u>
<u>SBOE</u>	<u>> \$1,000,000</u>	<u>>\$1,000,000</u>	<u>Any</u>	<u>SBOE</u>

All modifications approved by the Executive Director shall be reported quarterly to the Board.

4. Project Acceptance

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

5. Statute and Code Compliance

- a. All projects must be in compliance with Section 504 of the Rehabilitation Act of 1973 and must provide access to all persons. All projects must be in compliance with applicable state and local building and life-safety codes and applicable local land-use regulations as provided in Chapter 41, Title 39, and Section 67-6528, Idaho Code.
- b. In designing and implementing construction projects, due consideration must be given to energy conservation and long-term maintenance and operation savings versus short-term capital costs.

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

SUBJECT

First reading Board Policy V.W. Litigation

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.I.7.

BACKGROUND / DISCUSSION

Periodically the institutions are required to initiate litigation, and to settle claims or matters already in litigation. Current board policy on litigation is misplaced, as it is in the Real Property section, and only allows the chief executive officer of each institution, agency or school to negotiate settlements or claims up to \$25,000. It does not address the subject of institution litigation - presumably all such matters would require prior Board approval.

The proposed litigation policy would delegate authority to the chief executive officer to initiate litigation where the amount in controversy does not exceed \$25,000, and up to \$250,000 with the prior approval of the Executive Director. Any litigation with an amount in controversy over \$250,000 would need the prior approval of the Board. The policy would also delegate authority to the chief executive office to settle claims/litigation where the payment or receipt does not exceed \$100,000, and up to \$250,000 with the prior approval of the Executive Director. All issues involving eminent domain must have prior approval of the Board.

The proposed policy clearly defines the reporting procedures to the Board for all claims, potential claims, and litigation matters.

IMPACT

The attached policy will increase the threshold for Chief Executive Officer approval, allow for Executive Director approval up \$250,000 and increase the threshold requiring Board approval to amounts over \$250,000. This should decrease the number of agenda items submitted to the Board for under \$250,000, allowing for quicker resolution. It also would permit the institution to initiate litigation without prior Board approval up to these thresholds.

ATTACHMENTS

Attachment 1 - Governing Policy Section V.W

Page 3

STAFF COMMENTS AND RECOMMENDATIONS

The revised policies will assist the Board and Executive Director in maintaining their level of oversight while reducing the number of approvals, and permit the institutions the opportunity to act in a more timely fashion on certain matters.

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

BOARD ACTION

A motion to approve the first reading of Board Policy V.W. –Litigation.

Moved _____ Seconded _____ Carried Yes _____ No _____

**Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES**

SECTION: V. FINANCIAL AFFAIRS

Subsection: W. Litigation

August 2008

1. Initiation of Litigation

- a. An institution, agency, or school under the governance of the Board may initiate a legal action with respect to any matter in which the amount in controversy does not exceed twenty five thousand dollars (\$25,000). With the prior approval of the executive director, an institution, agency, or school under the governance of the Board may initiate a legal action with respect to any matter in which the amount in controversy does not exceed two hundred fifty thousand dollars (\$250,000). Any other proposed legal action may not be instituted without the prior approval and authorization of the Board
- b. Notwithstanding the authority to initiate litigation provided above, any legal action involving the exercise of the right of eminent domain must have the prior approval of the Board.
- c. Pursuant to Idaho Code §33-3804, an institution is permitted to initiate legal action in its own name.

2. Settlement of Litigation

The chief executive officer has authority to settle a legal matter involving the payment or receipt of up to one hundred thousand dollars (\$100,000) of institution, agency, or school funds. The executive director may authorize the settlement of a legal matter involving the payment or receipt of up to two hundred fifty thousand dollars (\$250,000) of institution, agency, or school funds. Any settlement of a legal matter that is in excess of two hundred fifty thousand dollars (\$250,000) in institution, agency, or school funds must be approved by the Board prior to any binding settlement commitment.

3. Litigation Reporting by Institutions

Legal counsel for the institutions shall provide monthly litigation reports to the members of the Board, with a copy to the Board office (to the attention of the Board's legal counsel). Such reports should include a description of all claims and legal actions filed against the institution since the date of the last report (and identify legal counsel for the parties involved, for conflict analysis purposes); a summary of the current status of all claims and pending litigation; risk analysis pertaining to all such claims and pending litigation; and the settlement of any legal claims or actions since the date of the last report, including settlements of matters handled by the State of Idaho Department of Administration, Division of Internal Management

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

Systems, Risk Management Program. With respect to the reporting of a legal settlement, such report shall describe the amount of institution funds that were used, and the amount and source of any other funds that were provided in connection with such settlement, including funds from the Office of Insurance Management or from any other parties. Legal counsel for the institutions should also include in the report any significant incident occurring since the last report that is reasonably expected to give rise to a claim, as well as probable claims or legal actions the institution is aware of which have been threatened but not yet instituted.

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

BOISE STATE UNIVERSITY

SUBJECT

Corporate sponsorship agreement with St. Luke's-Idaho Elks Rehabilitation Services

REFERENCE

August 2005 Board approved corporate sponsorship agreement with St. Luke's-Idaho Elks Rehabilitation Services.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.I.6.b

BACKGROUND / DISCUSSION

Boise State University's Athletics Department actively promotes corporate sponsorships of its intercollegiate athletic teams and facilities. These agreements give sponsors an opportunity to advertise and promote their organization at university athletic events and in media advertising these events in exchange for a multi-year monetary commitment.

This sponsorship is designated as a major corporate partnership with benefits including:

- Signage and media advertisement in Boise State University's athletic venues
- Radio, television and print advertising
- Sponsorship logo rights for use in advertising
- Corporate hospitality benefits including rights to game sponsorship, use of logo in advertising, tickets to certain events and access to coaches for speaking engagements.

IMPACT

Due to the success of Boise State University's athletic programs, sponsorship agreements have increased in value. The proposed sponsorship agreement provides that St. Luke's-Idaho Elks Rehabilitation Services pay Boise State University \$175,000 for each year of the five-year agreement.

ATTACHMENTS

Attachment 1 – Proposed Agreement

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STAFF COMMENTS AND RECOMMENDATIONS

The agreement from 2005 provided \$150,000 for each year, so this agreement increases the sponsorship fee by \$25,000 per year.

Staff recommends approval.

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

BOARD ACTION

A motion to approve Boise State University's request to enter into a corporate sponsorship agreement with St. Luke's-Idaho Elks Rehabilitation Services in accordance with the terms in the attached final draft of the agreement.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

CORPORATE PARTNER AGREEMENT

THIS AGREEMENT, made this _____ day of _____, 2008, by and between Boise State University (herein after BSU) and the St. Luke's Regional Medical Center (herein after "SLRMC" or "Partner").

Witnesseth:

WHEREAS, BSU has a proprietary interest in its intercollegiate athletic teams and facilities and in the use of any material relating to those teams and facilities; and WHEREAS, Partner desires to purchase certain rights from BSU pertaining to the advertising and partnership of BSU athletics and summer camps; and

WHEREAS, BSU is willing to license such rights to Partner upon the terms and conditions set forth below;

NOW, THEREFORE, in consideration of the covenants and terms of the Agreement, BSU agrees to license to Partner rights to advertise and partner with BSU athletics as set forth herein:

A. BSU hereby grants to Partner the rights to be one of four Big Four Major Corporate Partners for BSU Athletics. The term of this Agreement shall be five (5) years, beginning July 1, 2008 and ending June 30, 2013; provided, BSU shall have the right to terminate this Agreement effective June 30, 2010, or any subsequent anniversary thereafter, should BSU, during the course of this Agreement, enter into a third-party multimedia and marketing agreement, by providing sixty (60) days prior written notice to Partner.

B. BSU shall provide SLRMC the following:

Bronco Stadium:

Stadium Interior

- One 12 x 14 foot back-lit static ad panel on Bronco Vision Video Board
- One 3 x 8 foot back-lit ad panel on south auxiliary scoreboard
- One 3 x 18 foot Sideline Signature for all Football home games on the East sideline

Stadium Exterior

- One 7x 24 foot front lit panel on stadium exterior facing Broadway Avenue

Humanitarian Bowl

- All SLRMC permanent signage to remain in place for each Humanitarian Bowl held in Bronco Stadium during the term of this Agreement (this does not include the temporary sideline signatures)

Taco Bell Arena

Taco Bell Arena Interior

- One 2 x 8 foot back lit ad panel on Bronco Vision Video Board
- One 2 x 4 foot back lit ad panel on Bronco Vision Video Board
- One 3 x 9 foot back lit ad panels behind each basket next to game scoring mechanisms

- One 2 x 2 foot back lit ad panel located to scoring mechanism behind north basket
- Three 3 x 9 foot back lit rotator ad panel on each side of the basketball floor
- One 3 x 9 foot back lit static ad panel on each side of the basketball floor

Taco Bell Arena Exterior

- 13 x 25 foot electronic message board with back-lit presence of Big 4 Bronco Logo
- Business Logo and Electronic Messages on Taco Bell Arena Exterior Reader Board

Bronco Vision

Bronco Vision Video Board

- Replay sponsor during all FB/BB home games (SLRMC logo leads into each Bronco Vision replay for one quarter **each FB/BB** home game)
- One 30 second promotional spot per home football and basketball game
- One In-Game Promotional Feature per home football and basketball game (i.e. – St. Luke's Hit of the Game)
- One In-Game Partner Thank-You by Head Football and Basketball Coach

Additional Venue Signage

Bronco Venues

- Bronco Gym (SLRMC Logo)
- Boas Soccer Complex (3 x 9 foot static ad panel on score board with SLRMC Logo)
- Jackson's Indoor Track (4.5 x 5 foot static ad panel on scoreboard with Big 4 Logo)

Radio & Television

Radio (KIDO/Peak Broadcasting)

- One 30-second Coaches Thank-You spot during all Football and Men's Basketball broadcasts
- Rotating Tag Lines ("Brought to you by the St. Luke's Regional Medical Center") on Boise State Athletics promotional airtime

Boise State Radio

- 100 rotating underwriting spots as Corporate Partner of Bronco Athletics per year on Boise State Radio Network (Boise State Radio comprised of KBSU, KBSX, KBSS and KBSW)

Television (KTVB Media Group)

- One 30-second commercial spot during each live or replayed Bronco football and basketball telecast by the KTVB Media Group. Football live broadcasts also include KTFT in Twin Falls, KSKN in Spokane and KPVI in Pocatello/Idaho Falls.
- Rotating spots on KTVB from September to March (minimum of 25 spots)
- Rotating Tag Lines or Logo Presence ("Brought to you by the St. Luke's Regional Medical Center") on Boise State Athletics promotional airtime running on KTVB and 24/7

Print Advertising

Game Program Advertising

- One full page color ad in each home football and basketball game program

Outdoor Advertising

- Bottom 1/3 of two 11 x 24 foot billboards per Football and Men's Basketball Season (Aug-March)
- Panel Advertising (front of bus) on Bronco Bus run by Valley Ride for three months per year

Big 4 Bronco Logo present on all of the following:

- Schedule Cards (100,000)
- Game Programs Covers (100,000)
- Media Guides (10,000)
- Team Posters (20,000)
- BAA Membership Magazine (14,000)
- Season Ticket Stock (175,000)
- Season Ticket Mailer Envelopes for Football and Men's Basketball (10,000)
- Summer Sports Camp Brochures (50,000)

Internet

Broncosports.com

- SLRMC logo on BSU Athletic Home Page
- Direct link to company home page from www.broncosports.com
- Rotating SLRMC banner on Bronco Vision video player showing streamed live events or archived video content
- Available promotional opportunities on Web Page to be determined

Athletic Department Mailings

Football and Basketball Season Ticket Mailings

- Inclusion in all season ticket mailings done by Boise State Athletics. Print materials to be provided by SLRMC and be limited to a single sheet no larger than 8 ½ x 11.

Corporate Hospitality and Entertainment

Motivational Speakers

- Use of a Boise State coaching staff or administrative staff member 60 minutes per year (based on availability and agreed upon by chosen coach/administrator) for speaking engagement or corporate appearance for employees and/or customers, with the potential to purchase additional speaking engagements at an agreed upon times/rates.
- Use of a Boise State head coach, coaching staff, administrative staff member, cheerleaders, mascot, dance team or marching band for a promotional commercial shoot once per year. All shoots based on availability and agreed upon by chosen coach, administrator or other group.

Team Travel

-Two spots to an away football game to be determined by Boise State (airline, lodging and game tickets included in travel package).

Logo Rights

License to utilize athletic mark and Big Four logo in self-promotions and marketing efforts, provided, however, that all use of the University's logos in any medium must have prior approval from the University.

Passes

- Two sideline passes to all home football games
- Eight reserved parking passes for football in Bronco Stadium parking lot
- Six parking passes for men's basketball
- 18 passes to Corporate Tailgate Party at each home football game.

Game Sponsorship

- Title sponsor for one home football and men's basketball game during each season
- 50 additional VIP tickets for select football and men's basketball game
- SLRMC banner above each stadium / arena entrance
- Individual logo on game programs and tickets for each selected game
- All TV, Radio, and Print advertising surrounding your game..."Brought to you by..."
- Promotional giveaway opportunities available for each selected game

Season Tickets and Bronco Athletic Association Membership

- 8 Club Seats in SkyClub Facility at Bronco Stadium
- 18 VIP season tickets to all BSU Athletic Events
- 20 additional season tickets in Sec 128 for FB
- 20 additional season tickets to be utilized by the "Bronco Bunch" in special seating
- 6 Bronco Athletic Association Memberships

C. In consideration for all rights and benefits granted to the SLRMC in this Agreement, SLRMC shall pay to BSU a Sponsorship Fee for each year of this agreement as follows:

1. SLRMC shall pay BSU Athletics the full amount in cash by March 30th of each year of agreement as follows:
 - Year #1: \$175,000
 - Year #2: \$175,000
 - Year #3: \$175,000
 - Year #4: \$175,000
 - Year #5: \$175,000

D. PROMOTIONAL MERCHANDISE

Partner further agrees, as partial consideration for this Agreement, that during the course of this Agreement, all promotional merchandise purchased by Partner containing the BSU or Big Four names, logos, or trademarks shall be purchased through University-owned stores through BSU's corporate product and price list.

E. In establishing this multi-year partnership with BSU Athletics, your company shall be industry exclusive throughout Boise State Athletics. No other competitor shall have any permanent presence in Bronco Stadium or Taco Bell Arena during the term of this agreement.

- F. The Partner shall comply with all University policies; and local, state and federal laws in the performance of this Agreement and in the usage of the rights granted hereunder.
- G. The rights granted to each party hereunder are not assignable or transferable by either party without the express written consent of the other party, which consent shall not be unreasonably withheld.
- H. Any questions or concerns regarding this Agreement should be addressed to:
- | | |
|--|--|
| Brad Larrondo
Assistant Athletic Director
1910 University Drive
Boise, ID 83725 | Julie Carmine
St. Luke's
190 East Bannock
Boise, ID 83712 |
|--|--|
- I. Either party shall have the right to terminate this Agreement in the event that the other party is in material breach of its obligations hereunder and such breach has not been cured within thirty (30) days of written notice thereof from the non-breaching party.
- J. In the event litigation is brought by either party arising from the terms of this Agreement, the prevailing party shall be entitled to an award of reasonable attorney's fees, costs, and disbursements incurred in connection with such action. In such event, the parties agree that the District Court for the Fourth Judicial District of the State of Idaho in and for the County of Ada shall have jurisdiction over the dispute, and shall be the appropriate venue for the handling of such action.
- K. This Agreement is contingent upon the approval of the Idaho State Board of Education, and shall be construed in accordance with Idaho law.
- L. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof, and supersedes and replaces all prior agreements and understandings. This Agreement may only be amended in writing, executed by both parties.
- M. SLRMC will have the first right of negotiation as a Big Four Bronco Partner and will exercise this option no later than March 15, 2010.
- N. The relationship between the parties is that of University and sponsor, and parties to this Agreement. The parties acknowledge that they are separate legal entities, and that, notwithstanding the informal use of the term "partner" in this Agreement, nothing herein shall be deemed to create or imply the existence of a legal partnership, joint venture, agency relationship, or any other type of legal relationship.

IN WITNESS whereof, the parties have caused this Agreement to be executed on the date first set forth above.

ST. LUKE'S REGIONAL MEDICAL CENTER

BOISE STATE UNIVERSITY

By _____
Gary Fletcher
CEO, St. Luke's Boise/Meridian

By _____
Gene Bleymaier
Director of Athletics

By _____
Stacy Pearson
Vice President, Finance & Administration

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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

BOISE STATE UNIVERSITY

SUBJECT

Beverage services agreement with Swire Pacific Holdings, Inc, a Coca-cola licensed bottler and Coca-cola North America, a division of The Coca-Cola Company

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.I.6.b

BACKGROUND / DISCUSSION

Boise State University's ten year contract with the current beverage services provider expires in 2008. The University has completed an evaluation of requests for proposal to support existing and future beverage sales and distribution channels at Boise State and to create a business relationship providing opportunities and benefits for both the University and the beverage provider.

The contract encompasses cold beverage sales including:

- fountain drinks
- cold beverage vending
- all can, plastic and glassware type products of soda nature
- energy drinks
- bottled water packaged for individual consumption

This agreement gives the vendor the rights to exclusive sales on campus in exchange for commission payments and sponsorship of a variety of University activities including the right to be a Big Four athletics sponsor. In addition, the vendor will support student programs and other campus initiatives.

IMPACT

The value of this contract is a combination of commissions and sponsorship over the life of the contract. The total anticipated value of the contract is approximately \$400,000 per year. The contract has a five-year initial term plus a potential for five one-year extensions.

Each year of the initial five year contract \$175,000 (escalating by 3% in the third year) will be allocated to Athletics in exchange for the Big Four sponsorship and a minimum of \$225,000 per year will be used to support other University initiatives such as Student Affairs programs and recycling efforts.

Specifically, the contract provides:

- Vending commission guarantee of \$135,000 annually
- Additional commission if vending sales exceed targets

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

- \$50,000 designated annually for Student Affairs initiatives
- \$15,000 designated annually for recycling efforts
- \$25,000 annually of donated product and marketing support for University initiatives
- \$50,000 of one-time improvements to vending machines dedicated to debit/credit and student ID card payments

ATTACHMENTS

Attachment 1 – RFP Response	Page 3
Attachment 2 – Terms and Conditions	Page 57
Attachment 3 – Executive Summary	Page 83

STAFF COMMENTS AND RECOMMENDATIONS

Coca-Cola was the only bidder.

The response to the RFP and the Terms Sheet represent the substance of the proposed agreement with Coke. There are a few boilerplate terms and conditions (primarily related to remedies for breach) that the parties are still negotiating. BSU expects to have a final contract before the August Board meeting.

BSU has valued the following items included in Exhibit 3(a) at \$175K in total:

- Two spots on team charter to an away football game to be determined by BSU
- 100 admission passes to Corporate Hospitality area
- Soft drinks and water for each home game for up to 300 guests
- 2 sideline passes to all Bronco home football games
- 4 BAA parking passes to all athletic events throughout the season
- 2 VIP reserved spots through club seat program for football
- 50 additional tickets for company use for sponsored game
- 12 total VIP season tickets to all BSU athletic events
- 4 Club Seats in new addition to Bronco Stadium
- 100 Football Season Tickets in Section 129
- 100 Football Season Tickets in North End Zone
- 6 Bronco Athletic Association Memberships tied to season tickets

BOARD ACTION

Motion to delegate authority to the Executive Director of the Board to approve a beverage services agreement between Boise State University and Swire Pacific Holdings, Inc. and Coca-Cola North America upon review of a final agreement, consistent with the terms herein.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

**Boise State University
Beverage Services Request for Proposal
#RFQ-06521**

Coca-Cola Responses 5-12-08 Submittal

Revised per discussion on 7-07-2008 and to include KO proposed language

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BEVERAGE SERVICES PARTNER Request for Proposal

THE FOLLOWING DATES ARE TENTATIVE AND SUBJECT TO AMENDMENT

Deadline to receive written questions on solicitation:	April 21, 2008
Anticipated release of amendment answering questions:	April 25, 2008
Solicitation closing date and time:	May 12, 5:00 p.m. MST
Solicitation opening date and time:	May 13, 9:00 a.m. MST
On-site presentation if needed:	Week of May 20th
Contract start date:	July 1, 2008

1.0 GENERAL OVERVIEW

1.1 PURPOSE

Boise State University invites qualified beverage services vendors to submit a proposal to support existing and future beverage sales and distribution channels at Boise State and to create a partnership to provide opportunities and benefits for both the University and its beverage partner.

1.2 SCOPE

Contract to provide and support the sale of specific beverages at Boise State University's current and future campuses for the University's cold beverage sales including:

- fountain type drinks
- cold beverage vending
- all can, plastic and glassware type products of soda nature
- energy drinks
- bottled water packaged for individual consumption

Proposals should support existing operations and describe opportunities and strategies to modify and/or improve existing distribution channels. The University is specifically requesting recommendations on how to maximize the opportunities available through partnership with a beverage vendor.

The successful beverage services vendor will have exclusive rights to all such sales upon the campus or other University owned premises unless excluded by the University in Section 3.2. It is understood that the proposals submitted will form the basis for discussion with company representatives concerning the technical and price aspects of the proposals for purpose of clarification.

The University will provide a long-term commitment (five years plus five (5) one-year extensions) to create the most effective, dynamic and supportive partnership.

The University anticipates that this type of partnership will work to apply its collective resources to increase and improve the sale and availability of beverages at University facilities and through University operations. The University's goals include substantial growth and profitability of beverage sales. We foresee that the successful beverage vendor will work to pursue innovative

and effective distribution, merchandising and marketing opportunities. The University's beverage program goals are to promote the sale of national brands and a complete selection of high-demand current and future products provided through the use of modern equipment and quality service.

1.3 CURRENT ENVIRONMENT

Boise State University, located in the City of Boise, Idaho, has the largest enrollment, nearly 20,000 students, of any post-secondary educational institution in the State of Idaho. In addition to the academic head count, Boise State University employs approximately 5,000 permanent and temporary faculty and staff and serves over 23,000 other students through non-credit workshops, seminars, short courses, and apprenticeship programs. Boise State University welcomes more than one million people annually on campus for cultural, intellectual, athletic and entertainment events. Intercollegiate athletics features 18 sports, including the 2007 Fiesta Bowl champion football team. Annual events include the Gene Harris Jazz Festival, Martin Luther King, Jr. Human Rights Celebration, Morrison Center Broadway Series, and the Distinguished Lecture Series. In addition, many large community events are held on the Boise State campus including high school commencements, high school football games, and summer camps.

The University's purpose is to educate individuals, to ensure their development and to enhance their employment opportunities. Boise State University creates the intellectual atmosphere to produce educated individuals who are literate, knowledgeable of public affairs, motivated to become life-long learners and capable of solving problems through the discipline in which they majored.

The University's Strategic Plan, Charting the Course, is a comprehensive outline of the vision of Boise State University and has four defining characteristics which are as follows: **PUBLIC ENGAGEMENT** links the University's academic vision with its external communities as partners to address issues of mutual benefit; **ACADEMIC EXCELLENCE** with student focused programs that integrate theory and practice, engage students in community-based experiential learning, denote high academic quality, are relevant, and remain informed by meaningful assessment; a **VIBRANT CULTURE** that embraces and fosters innovation, responsiveness, inclusiveness, accessibility, diversity, and effective stewardship; and **EXCEPTIONAL SCHOLARSHIP** defined by progressive research and creative activity, and doctoral programs that have groundbreaking applications locally, regionally, and globally.

2.0 GENERAL INFORMATION AND INSTRUCTIONS

2.1 DEFINITIONS

The following definitions are meant to supplement the definitions found in the SicomNet solicitation document, State of Idaho Standard Terms and Conditions, State of Idaho Solicitation Instructions to Vendors, and State of Idaho Special Terms and Conditions for Customized Software and Related Services:

Accounting Period – A one-month period of time, closing on the last business day of the month.

BSU - Boise State University

Evaluation Codes - Certain specifications have an evaluation code assigned, which are defined as follows:

- M Mandatory Specification** – Failure to comply with any subsection with an M notation will render the proposal non-responsive and no further evaluation will occur. Proposer is required to respond to each subsection with an M notation with a statement outlining its understanding and agreement to comply.
- ME Mandatory and Evaluated Specification** – Failure to comply with any subsection with an ME notation will render proposal non-responsive and no further evaluation will occur. Each subsection with an ME evaluation code will receive an evaluation score. Proposer is required to respond to each subsection with an ME notation with information explaining how the requirements will be met.
- E Evaluated Specification** – Proposer is required to respond to each subsection with an E notation with either a statement explaining how the service will be provided or with a statement that the service will not be provided, at the Proposer's option. If the response indicates the service will not be provided, the response will receive an evaluation score of zero. If the response indicates that the service will be provided, the Proposer must provide information in its response explaining how the service will be provided, and the response will receive an evaluation score.

In Writing or Written Notice – Any letter or memo sent via fax, U.S. Postal Service, United Parcel Service, FedEx, or via e-mail.

Normal Operation Hours – Unless otherwise stated, the normal operating hours of BSU are to be considered to be 8:00 a.m. until 5:00 p.m. Mountain Time, Monday through Friday, with the exception of State holidays.

Purchasing – BSU Purchasing Department.

Responsive Proposer - A Proposer that has submitted a timely proposal or offer that conforms in all material respects with the submission and format requirements of the solicitation, and that has not qualified or conditioned its proposal or offer.

Time – All references to time refer to local Mountain Time in Boise, Idaho

Proposer – The legal entity that submits a response to the RFP.

Coca-Cola is responding to this RFQ through a joint submission by Coca-Cola North America, a division of The Coca-Cola Company, and Swire Pacific Holdings, Inc., the licensed bottler of Coca-Cola products in the territory that includes the University. The Term Sheet included as a tab in Coca-Cola's response to this RFQ uses the term "Company" when referring to rights or obligations of The Coca-Cola Company, the term "Bottler" when referring to rights or obligations of Swire Pacific Holdings, Inc., and the term "Sponsor" when referring to them jointly. These defined terms are also used in this

RFQ response, with the exception that “Sponsor” has been replaced in this RFQ response by the term “Coca-Cola” when referring jointly to the Company and the Bottler.

The following definitions are meant to define the entities and terminology related to the specifics of the requirements of the RFP:

SicommNet or Sicomm – State of Idaho’s Internet E-Procurement provider.

Beverage(s) - means carbonated and non-carbonated, non-alcoholic, natural or artificially flavored drinks, including but not limited to, non-alcoholic drinks with nutritive or non-nutritive sweeteners, flavored and/or sweetened mineral water, bottled water packaged for individual consumption, natural or artificially flavored fruit juices, fruit and/or juice-containing drinks and flavored drinks, packaged tea and coffee drinks, isotonic drinks and energy drinks. Beverages include those that are available in vending, B.I.B. (bag in the box), pre-mix, or dispensed from concentrate unless identified as excluded below.

For purposes of this contract, “Beverage(s)” shall not include milk or milk based beverages, flavored milk, beer (alcoholic, low-alcoholic and non-alcoholic), wine, liquor, hot beverages including coffee, tea or hot chocolate, bottled office water, concentrated bases used as ingredients and as beverages for catering events. Any products used for academic research are expressly excluded from Beverages as used herein. For this contract, it is understood that Beverages shall be limited to those beverages and drinks expressly identified or included in this definition.

Campus - means the acres of the campuses in Ada County and Canyon County (excluding property transferred to the College of Western Idaho) and other acreage that the University may own or operate, including but not limited to any and all athletic facilities, business offices, student facilities including residence halls, classrooms, restaurants, concession stands, snack bars, bookstores, and dining, and any and all other buildings or facilities which currently comprise the campuses of Boise State University or which may be acquired or constructed during the Term, and which are operated by or directly in conjunction with the University or over which the University has management control. Campus would include the Parkcenter Drive building expected to be leased by the University from its Foundation. Excluded from the contract are franchise agreements that specify specific products (i.e. Starbucks). Also excluded are leased spaces off Boise State owned land.

Exclusivity - The exclusivity provided in the anticipated beverage contract is not intended to include activities not identified or included in the definitions of the Contract. It provides 90% permanent refrigerated shelf-space in retail stores of pre-packaged drinks and 100% exclusivity for beverage vending, fountain, concessions and catering at all food or beverage sale locations on Boise State University property.

The beverage services vendor will have exclusive advertising rights for onsite, permanent advertising or promotional activities and other endeavors. The University agrees to not enter into an agreement or relationship with a vendor for competitive beverage products as defined in

this proposal, except as noted in Section 3.2.

The University is interested in biodegradable cups and lids. Exclusivity will apply to cups and lids for first year of agreement. After the first year, if a biodegradable option is not available at a market price, the University has the right to purchase such from an alternate vendor.

Exclusivity will also apply to 20, 25 and 50 pound CO2 canisters used for fountain beverages. The contract does not apply to bulk-system CO2 purchases.

2.2 ISSUING OFFICE & SUBMISSION OF QUESTIONS

This solicitation is issued by the Boise State University Purchasing Department via Sicommnet. The Vice President for Finance and Administration on behalf of Boise State University and the Idaho State Board of Education shall execute any contracts developed from this document.

The BSU Purchasing Department is the only contact for this solicitation. **Written questions and request for clarifications shall be submitted via email to:**

Terri Spinazza
Purchasing Director
Boise State University
E-mail: tspinazz@boisestate.edu

QUESTIONS MUST BE SUBMITTED IN WRITING NO LATER THAN 5 P.M. MOUNTAIN STANDARD TIME ON April 21, 2008 TO THE CONTACT ABOVE. Answers to written questions received will be answered via SicommNet amendment to the RFP.

Questions must reference the heading for the provision in question. The inquiry must contain: (i) the name of the Proposer's representative who is responsible for the inquiry; (ii) the representative's business telephone number; and (iii) the proposing company's name.

NOTE: PROPOSALS RECEIVED THAT QUALIFY THE PROPOSAL BASED UPON BOISE STATE ACCEPTING PROPOSER TERMS SHALL BE FOUND NON-RESPONSIVE. QUESTIONS PERTAINING TO THE STATE TERMS AND CONDITIONS MUST BE ADDRESSED DURING THE Q&A PHASE.

(Should the Proposer have a web site address, please write it on the signature page.)

2.3 SUBMISSION OF PROPOSALS

In order to be considered for selection, Proposer must submit a complete response to this RFP. Each proposal submitted must include:

Proposal

- One (1) original of the Contractor's proposal marked "Proposal – Original" on cover. Must contain a signed and completed Signature page. Signature page is to be the first page (page 1) of the proposal.
- Three (3) copies of the proposal.

Electronic Copy

- One (1) electronic copy of the following on CD or USB device:
 - Proposal;
 - Redacted copy of the proposal with all confidential information removed or blacked out. File name should contain the word “redacted”. This is the copy of the Contractor’s proposal that will be released under Idaho’s Public Record Law. The redacted copy of the proposal is to agree entirely with the proposal regarding confidential information:

Each Proposer is responsible to examine this entire RFP, including the attachments, seek any required clarification in writing, and review its proposal for accuracy before submitting the proposal. Once the submission deadline has passed, all proposals will be final unless otherwise indicated in this RFP.

NOTE: THE FOLLOWING IS MANDATORY!

- PROPOSALS OR PARTS OF PROPOSALS MUST NOT BE SUBMITTED ELECTRONICALLY VIA SICOMM. ELECTRONICALLY SUBMITTING THE PROPOSAL OR ANY PART OF THE PROPOSAL WILL RENDER THE PROPOSAL NON-RESPONSIVE.
- PROPOSALS MUST BE SUBMITTED MANUALLY PER INSTRUCTIONS TO FOLLOW.
- PROPOSALS MUST BE HAND-DELIVERED, US MAILED, OR CARRIER SHIPPED. PROPOSALS MUST BE RECEIVED AT THE BSU PURCHASING OFFICE AND TIME STAMPED USING THE DIVISION’S TIME STAMP, NO LATER THAN THE DATE AND TIME SET FORTH FOR THE CLOSING OF THE SOLICITATION IN SICOMM.NET.
- A SIGNED BSU SIGNATURE PAGE (ATTACHED IN SICOMM) IS REQUIRED.

All proposal materials should be shipped in a single shipping container.

Send your sealed proposal package to:

Boise State University
Purchasing Department
1910 University Drive
Boise, ID 83725

When sending packages by FedEx, UPS or other Couriers:

Boise State University
Purchasing Department
1129 Euclid Ave
Boise, ID 83706

2.4 AMENDMENTS

Prior to the closing and opening of the solicitation, all vendor notifications and modifications to the solicitation will be released in Sicommet as amendments. All questions submitted will be answered via amendment for all bidders' review.

2.5 VALIDITY OF PROPOSALS

Proposals must remain valid for ninety (90) calendar days after the proposal due date. **Proposals submitted with a less than 90 day validity will be found non-responsive and will not be considered.**

2.6 COMMUNICATION RESTRICTIONS

Proposers must comply with all state laws, rules, and policies covering communication with state employees and officials during the RFP bid process. If a Proposer engages in any unauthorized communication, then BSU may reject its proposal.

2.7 COST OF PREPARING THE PROPOSAL

Costs of preparing a proposal are the sole responsibility of the Proposer. BSU will not provide reimbursement for such costs and shall not be liable for any proposal preparation costs.

2.8 PROPOSAL FORMAT (M)

Proposals must follow the numerical order of the RFP starting at the beginning and continuing through the end of the RFP. RFP and proposal sections and subsections must be identified with the corresponding numbers and headings used in the RFP. Each RFP section and subsection must be written and then followed with the Proposer's response. Proposers are encouraged to use a different color font or other indicator that will clearly delineate the RFP section or subsection from the Proposer's response. Proposals must also include a corresponding table of contents. All proposal pages must be typed and sequentially numbered.

BSU may reject any proposal that does not meet this format.

2.9 PRESENTATIONS

BSU reserves the right, but is not obligated to request and require that the top 1-2 beverage services vendors provide a formal presentation of its proposal at a date and time to be determined. If required, such a presentation will be intended to clarify and confirm the proposal and shall not exceed two (2) hours.

BSU will define the structure of such presentations, if required. No vendor will be entitled to be present during, or otherwise receive any information regarding presentation information about another vendor until the intent to award is issued.

2.10 EVALUATION, INTENT TO AWARD LETTERS, AND AWARD PROCESS

As a general rule, the following procedure is followed:

Once the solicitation closing date and time have passed and proposals have been opened, the copies of the Proposals are forwarded to the evaluation committee for evaluation. Once the committee has completed its evaluation and scored the proposals, the evaluation summary and scoring documentation are forwarded to the BSU Purchasing Department for review. The BSU Purchasing Department verifies the fairness and integrity of the evaluation process.

The BSU Purchasing Department then issues a Letter of Intent to Award to all responsive proposers, notifying them of BSU's intent to award the contract. After the passage of the time set by Idaho Statute 67-5733 for appeals, and the resolution of any appeals received, the BSU Purchasing Department awards the contract.

The contract will be subject to State Board of Education approval at the June 19, 2008 meeting.

BSU has the time set forth in the Validity of Proposals subsection to complete the evaluation and award the purchase. To ensure the integrity and fairness of the evaluation process, during the evaluation and up and until the time the BSU Purchasing Department issues the Intent to Award letter, no information regarding the content of the proposals is released.

2.11 POINT WEIGHTING

Award will be made based on a weighted evaluation. See Section 9.0 for details.

3.0 GENERAL TERMS AND CONDITIONS

3.1 TERMS AND CONDITIONS

State of Idaho Standard Contract Terms and Conditions and Solicitation Instructions To Vendors are hereby incorporated by reference into this solicitation as if set forth herein in their entirety, and are located on the Internet at <http://adm.idaho.gov/purchasing/purchasingrules.html>.

Please see Coca-Cola's comments to the State of Idaho Standard Contract Terms and Conditions and Solicitation Instructions to Vendors, which are incorporated into those documents. These documents are located immediately following the RFQ response in Tab "RFQ Response" of Coca-Cola's proposal submission.

The university has made comments in that document related to T&C modifications proposed by vendor.

3.2 EXCLUSIVITY EXCEPTIONS

Exclusivity does not extend to the following:

- 3.2.1** 10% of permanent refrigerated shelf space in retail operations or exclusive franchises leasing space from or contracting with the University or University's food service provider including, but not limited to, Quiznos and Starbucks.
- 3.2.2** Any student, faculty or administrative staff person who brings beverages on campus for their own personal consumption.
- 3.2.3** Item(s) required as part of a specified academic research project.
- 3.2.4** An event performer or event sponsor in Boise State entertainment facilities displaying the name or logo of one of the beverage services vendor's competitors on his or her person or elsewhere:
 - 3.2.4.1** If performer is contractually obligated to display such name or logo; and
 - 3.2.4.2** If the Facility itself does not specifically endorse the beverage services vendor's competitor; and

- 3.2.4.3 If the name and/or logo of the beverage services vendor's competitor does not block or cover any of the vendor's advertising within the Facilities; and
- 3.2.4.4 Any distribution of product for sampling is required of the performer due to contractual obligation as part of the event sponsorship.

These Exclusivity Exceptions are included as "Permitted Exceptions" in Section 6(B) of the Term Sheet.

3.3 PRODUCT COST CHANGES/PRICE INCREASES

The successful vendor will be allowed to submit a request for price increases to the Associate Vice President for Finance & Administration or his/her designee on or before November 15 of each calendar year. Price increase proposals must identify the proposed prices, portion sizes and a rationale for price increase, including detail for the cost of product, increase in product cost, labor cost, with appropriate documentation. All price proposals are subject to approval by the University and will be implemented the first Monday following the end of spring semester the following calendar year. Boise State University has the right to accept or reject all price increase proposals.

If the University and Beverage Services provider are unable to reach an agreement regarding price increases, increases shall not exceed the increase in USDA regional wholesale food consumer price index.

Please see Exhibit C of the Term Sheet for proposed price increase terms.

3.4 section deleted per on-site discussion

3.5 NEWS RELEASES

Upon receipt of a Contract with Boise State University, the beverage services vendor shall not in any way or in any form publicize or advertise in any manner the fact that it is providing services to the University without the written approval from the Vice President for Finance and Administration or his/her designated representative. However, nothing shall preclude the vendor from listing Boise State University on its routine client list for matters of reference.

The beverage services vendor must obtain the University's specific written consent to use the University's name or any of its registered trademarks in connection with any advertising or promotions, which are not directly related to the University.

Coca-Cola's proposed language re: confidentiality is based generally on the confidentiality provisions of the current beverage agreement with BSU (see Section 1(a) below), together with the confidentiality provisions of Paragraph 24 of the State of Idaho Standard Contract Terms and Conditions, modified to provide for reciprocity of obligations (see Section 1(b) below). The approvals section is based generally on the approvals section of the current beverage agreement with BSU, plus some additional language to define when disapproval is reasonable (see Section 2(a) below).

1. Confidentiality.

- (a) Subject to any contrary provisions of applicable law, University agrees that this Agreement and the amount of Sponsorship Fees provided to University by Coca-Cola under this Agreement will be kept confidential by University, its agents, employees and representatives and will not be disclosed in any manner whatsoever, in whole or in part, by University or its agents, employees or representatives without the prior written consent of Coca-Cola. The foregoing obligation regarding confidentiality will remain in effect for a period of three years after the expiration of this Agreement. Coca-Cola agrees that it will not in any way publicize the existence of this Agreement or advertise the fact that it is providing goods and services to the University under this Agreement (except as otherwise contemplated by this Agreement) without University's prior written consent, except that Coca-Cola may list the University on its routine client lists.
- (b) Pursuant to this Agreement, a party (the "Receiving Party") may collect or obtain financial, personnel or other information of another party or of a third party (the "Disclosing Party") that the Disclosing Party regards as proprietary or confidential ("Confidential Information"). Confidential Information shall belong solely to the Disclosing Party. The Receiving Party shall use such Confidential Information only in the performance of its services under this Agreement and shall not disclose Confidential Information to any third party, except with the prior written consent of the Disclosing Party or under a valid order of a court or governmental agency of competent jurisdiction and then only upon timely notice to Disclosing Party. Confidential Information shall be returned to Disclosing Party upon termination of this Agreement. The confidentiality obligation contained in this section shall survive termination of this Agreement. Confidential Information shall not include data or information that:
 - (i) is or was in the possession of the Receiving Party before being furnished by the Disclosing Party, provided that such information or other data is not known by the Receiving Party to be subject to another confidentiality agreement with a third party or other obligation of secrecy;
 - (ii) becomes generally available to the public other than as a result of disclosure by the Receiving Party; or
 - (iii) becomes available to the Receiving Party on a non-confidential basis from a source other than the Disclosing Party, provided that such source is not known by the Receiving Party to be subject to a confidentiality agreement with a third party or other obligation of secrecy.

Confidentiality provision incorporated by BSU into State of Idaho Terms and Conditions. Provision rendering terms of agreement confidential was removed. BSU is a state agency. Both the agreement and its terms are public information, and BSU cannot guaranty they will remain confidential. Remainder of confidentiality provisions were included in State T&C's as proposed by Contractor.

2. Approvals.

- (a) University will have the right to pre-approve (i) the concept for any promotional activity undertaken hereunder, (ii) any artwork or other items created by Coca-Cola for use in promotional activities or otherwise in accordance with the terms of this Agreement and that incorporate any of the University Marks, or (iii) any use of the University Marks that is not directly related to University or this Agreement. If University fails to respond to any submission within a period of ten (10) working days subsequent to the actual receipt by University of such submission, then such submission will be deemed approved by University. University agrees that its approval hereunder will not be unreasonably withheld. Withholding approval is considered unreasonable unless it is based on:
 - (i) University's determination that University Marks have been used incorrectly in a technical sense (such as improper color or trademark nonconformity); or
 - (ii) University's reasonable determination that Sponsor's proposed promotional activity or use of University Marks will reflect negatively on University; or

For example, University agrees that it is unreasonable to withhold approval of a submission that includes the name or marks of one of Coca-Cola's customers solely because that customer is not also a sponsor of University or because that customer operates in a trade channel where University already has an exclusive sponsor.

University requests the following additional language:

- (iii) University's reasonable determination that Sponsor's proposed promotional activity or use of University Marks will conflict with University policy, or any policy, rule, regulation, or law of the State of Idaho, the Idaho State Board of Education, or any other governing entity; or
 - (iv) University's determination that Sponsor's proposed promotional activity or use of University Marks will conflict with or cause University to be in breach of any other contract or agreement to which University is a party
- (b) University will seek Coca-Cola's approval prior to using any Company Marks, and Coca-Cola agrees that its approval hereunder will not be unreasonably withheld.

3.6 INDEMNIFICATION AND INSURANCE

- 3.6.1 The Contractor must indemnify, hold harmless and defend **Boise State University and the State of Idaho**, their officers, agents and employees from and against all

claims, damages, losses and expenses for bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property including loss of use resulting there from, including but not limited to attorney's fees, arising out of or caused in whole or in part by the negligent acts, wrongful acts, errors or omissions of the Contractor, a subcontractor, anyone directly or indirectly employed by them or anyone for whose acts they may be liable, but only to the extent caused in whole or in part by negligent acts or omissions of Indemnitor.

3.6.2 In addition, the Contractor shall, at no expense to Boise State University, procure and maintain through the term of this Contract:

3.6.2.1 Commercial General Liability Insurance with limits not less than \$1,000,000 per occurrence Combined Single Limits (CSL) for Property Damage and Bodily Injury Liability, including Products/Completed Operations Liability, Blanket Contractual Liability and Personal Injury Liability. If an annual aggregate is used each annual aggregate limit shall not be less than \$2 million when applicable and will be endorsed to apply separately to each job site or location;

3.6.2.2 Automobile Liability Insurance including non-owned and hired vehicles with limits not less than \$1,000,000 per occurrence (CSL) for Property Damage and Bodily Injury; and Workers' Compensation and Employers' Liability Insurance with limits not less than;

3.6.2.3 Worker's Compensation - as required by State statute including occupational disease. The Contractor must provide either a certificate of workman's' compensation insurance issued by a surety licensed to write workman's' compensation insurance in the State of Idaho, as evidence that the Contractor has in effect a current Idaho workman's compensation insurance policy, or an extraterritorial certificate approved by the Idaho Industrial Commission from a state that has a current reciprocity agreement with the Industrial Commission.

3.6.2.4 Employer's Liability:
 Bodily Injury by Accident: \$100,000 each accident
 Bodily Injury by Disease: \$100,000 each employee
 Bodily Injury by Disease: \$500,000 policy limit

3.6.2.5 Prior to the commencement of the term of this Contract, the Contractor must deliver or fax to (208) 426-1152 to the BSU Purchasing Department:

A certificate of insurance with respect to **ALL** such insurance including worker's compensation in a form reasonably satisfactory to the University. **The general and automobile liability insurance certificate must name the University and the State of Idaho as additional insured** and must contain a written provision that, should any of the above-described insurance policies be canceled or non-renewed before the expiration date thereof, the issuing company

must notify the University in writing, by certified or registered mail, receipt requested, at least thirty (30) days prior to any cancellation or non-renewal of any such insurance.

The insurance company providing the general liability insurance certificate must have an insurance company rating of A or higher by either A.M. Best or Standard and Poor's rating bureaus.

- (a) University Indemnification Obligations. University agrees to defend, indemnify, and hold each of Bottler and Company harmless from and against all claims, suits, liabilities, costs, and expenses incurred by either of them, including reasonable attorneys' costs and fees related to (i) University's material breach of this Agreement, (ii) for injury to, including death of, persons (whether they be third persons or employees of any of the parties hereto) or any loss of or damage to property in any manner arising from, the negligence of the University, its employees or agents in the course of their duties on behalf of the University, and (iii) all claims, demands or litigation alleging that any of the University Marks violates or infringes on trademarks, tradenames, copyrights, or other proprietary rights provided that such tradenames, trademarks, and copyrights have been used in the exact manner provided by University.
- (b) Bottler Indemnification Obligations. Bottler shall defend, indemnify, and hold Company and University harmless from and against all claims, suits, liabilities, costs, and expenses incurred by either of them, including reasonable attorney's costs and fees related to (i) Bottler's material breach of this Agreement, and (ii) for injury to, including death of, persons (whether they be third persons or employees of any of the parties hereto) or any loss of or damage to property in any manner arising from the negligence of Bottler, its employees, and agents in the course of their duties to Bottler.
- (c) Company Indemnification Obligations. Company shall defend, indemnify, and hold University and Bottler harmless from and against all claims, suits, liabilities, costs, and expenses, including reasonable attorney's costs and fees, related to (i) Company's material breach of this Agreement, (ii) for injury to, including death of, persons (whether they be third persons or employees of any of the parties hereto) or any loss of or damage to property in any manner arising from the negligence of Company, its employees and agents in the course of their duties to Company, and (iii) all claims, demands, or litigation alleging that any copyright or trademark of Company violates or infringes on trademarks, tradenames, copyrights, or other proprietary rights, provided that such tradenames, trademarks, or copyrights have been used in the exact manner provided by Company.
- (d) Exception. No party's indemnification obligations hereunder shall apply to any loss or damage to the extent caused by the acts, omissions or negligence of the party seeking to be indemnified.

- (e) Indemnification Procedures. Whenever any party entitled to indemnification (the "Indemnified Party") pursuant to the previous paragraphs receives notice of any potential claim which may be subject to indemnity, such party shall promptly notify the party obligated to indemnify (the "Indemnifying Party"). The Indemnifying Party shall have the obligation to assume the defense of such claim by counsel designated by it and reasonably acceptable to the Indemnified Party, provided that the Indemnifying Party shall not settle or compromise any such claim, or consent to the entry of any judgment, without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld. The Indemnified Party, its affiliates, employees and representatives, shall fully cooperate with and timely assist the Indemnifying Party with the defense of such claim. If the Indemnifying Party fails to assume the defense of such claim as soon as reasonably possible, in any event prior to the earlier of twenty (20) days after receipt of notice of the claim or five (5) days before the date an answer to a complaint or similar initiation of legal proceeding shall be due, the Indemnified Party shall have the right to undertake, at the Indemnifying Party's expense, the compromise or settlement of any such claim on behalf of and at the risk and expense of the Indemnifying Party.

Indemnification provisions were incorporated into State of Idaho Standard Terms and Conditions, and were modified by BSU. Notably, additional language was inserted to reflect that BSU's indemnity obligations shall not be deemed a waiver of any protection, privilege, immunity or defense otherwise provided under the Idaho Constitution, Idaho Tort Claims Act, or other applicable law, nor an extension of liability under the Idaho Tort Claims Act.

- (f) Insurance. Bottler agrees to obtain the specific insurance required by Section 3.6.2 of the RFQ. Each of Company and University agrees to maintain sufficient insurance to adequately protect the respective interests of the parties hereto. A party's insurance coverage will not be construed as a limitation of any potential liability to any of the parties, and failure to request evidence of this insurance will in no way be construed as a waiver of each party's obligation to provide the agreed insurance coverage.

3.7 PARTIES TO THE CONTRACT

The contract shall be between Boise State University known as the University and the successful vendor known herein as the beverage services vendor for providing cold beverage sales according to the terms set forth herein.

Coca-Cola anticipates that The Coca-Cola Company and Swire Pacific Holdings, Inc. will both be parties to the definitive agreement.

3.8 CONTRACT TERM

The initial term of the contract shall be five (5) years, commencing on July 1, 2008 through June 30, 2013. Upon written, mutual agreement of the beverage services vendor and University, the Contract may be extended for five (5) one (1) year renewals.

With the exception of the final renewal period, the Contract will automatically be renewed unless either the University or vendor receives written notice from the other not less than ninety (90) days prior to the expiration of the principle terms or of the then current renewal term that the Contract shall not be extended. For financial reporting purposes, the financial reporting year is a period of twelve months commencing on July 1 of one year and ending on June 30 in the immediately succeeding year. The maximum duration of this contract, including principal period and extensions, shall be ten years.

3.9 NOTICES

Any notice which may be or is required to be given pursuant to the provisions of this Agreement shall be in writing and shall be hand delivered, sent by facsimile, prepaid overnight courier or United States' mail as follows: For notice to BSU, the address and facsimile number are:

Boise State University
Vice President of Finance and Administration
1910 University Drive
Boise, ID 83725-1200
208-426-1200 (phone)
208-426-3826 (fax)

4.0 PROPOSER INFORMATION (M,E)

(Note: Providing this information is **mandatory**. Failure to provide any of this information will cause your proposal to be rejected.)

4.1 COMPANY INFORMATION

Proposer must provide a general description of the company, its organizational structure, and the number of employees in each major area of the company, and its overview/history including years of operation providing beverage services similar to that described in this RFP. This same information is required for the bottler/distributor that will be utilized for this contract.

Business Profile

The Coca-Cola Company

THE COCA-COLA COMPANY

Established in 1886, The Coca-Cola Company operates in more than 200 countries and markets more than 2,800 beverage products. These products include sparkling and still beverages, such as waters, juices and juice drinks, teas, coffees, sports drinks and energy drinks. Four of the world's top five nonalcoholic sparkling beverage brands are ours: Coca-Cola, Diet Coke, Sprite and Fanta.

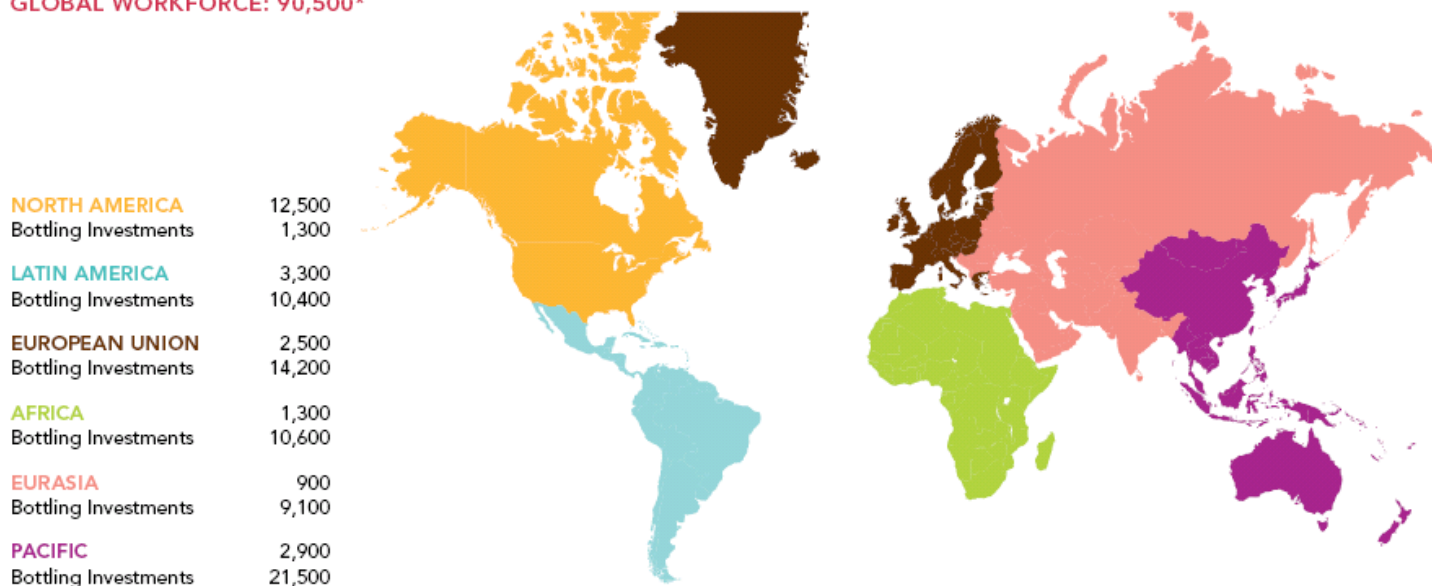
Our mission:

- To refresh the world in body, mind and spirit
- To inspire moments of optimism through our brands and our actions
- To create value and make a difference everywhere we engage



Manifesto for Growth

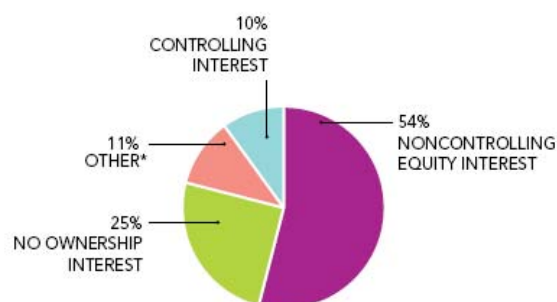
THE COCA-COLA COMPANY GLOBAL WORKFORCE: 90,500*



*Corporate associates are included in the geographic area in which they work. Bottling Investments is an operating group with associates located in each of our six geographic operating groups. Numbers are approximate and as of December 31, 2007. The increase in the number of associates (19,500) since December 31, 2006, was primarily due to acquisitions and the consolidation of certain bottling operations.

THE COCA-COLA SYSTEM

The Coca-Cola system comprises our Company and more than 300 bottling partners worldwide. Our Company primarily manufactures and sells concentrates, beverage bases and syrups to bottling operations, which then produce a wide array of Coca-Cola beverages. Our Company owns the brands and is responsible for consumer marketing initiatives. Our bottling partners, in addition to manufacturing the final branded beverages, also handle merchandising and distribution and work closely with customers—grocery stores, restaurants, street vendors, convenience stores, movie theaters and amusement parks, among many others—to bring our beverages to consumers at a rate of 1.5 billion servings a day.



Company's 2007 Worldwide Unit Case Volume by Bottler Relationship

*Eleven percent of our unit case volume was produced by our foodservice operations, as well as by our finished beverage operations, which produce products such as juices and juice drinks and sports drinks.

LARGEST BOTTLING PARTNERS AND COMPANY EQUITY STAKE

Coca-Cola Enterprises Inc. (CCE)

CCE is the world's largest marketer, producer and distributor of Coca-Cola beverages. CCE operates in 46 states in the United States and in Canada, and it is the exclusive Coca-Cola bottler in six European countries.

18%

35%

Coca-Cola FEMSA, S.A.B. de C.V. (Coca-Cola FEMSA)

Coca-Cola FEMSA is the third-largest Coca-Cola bottler in the world. Coca-Cola FEMSA operates in Mexico, as well as in eight countries in Central America and South America.

9%

32%

Coca-Cola Hellenic Bottling Company S.A. (Coca-Cola Hellenic)

Coca-Cola Hellenic is the fourth-largest bottler of Coca-Cola beverages, operating in 27 countries in Europe and in Nigeria—with a total population of more than 550 million.

8%

23%

Coca-Cola Amatil Limited (Coca-Cola Amatil)

Coca-Cola Amatil is the largest independent Coca-Cola bottler in the Pacific region and one of the world's top six Coca-Cola bottlers.

2%

30%

For more details on our bottling relationships, please see our 2007 Annual Report on Form 10-K.

2007 Annual Review 9

BOTTLER PROFILE

Bottler Name and Addresses:

Swire Coca-Cola, USA- Headquarters
12634 South 265 West
Draper, Utah 84020

BRIEF HISTORY

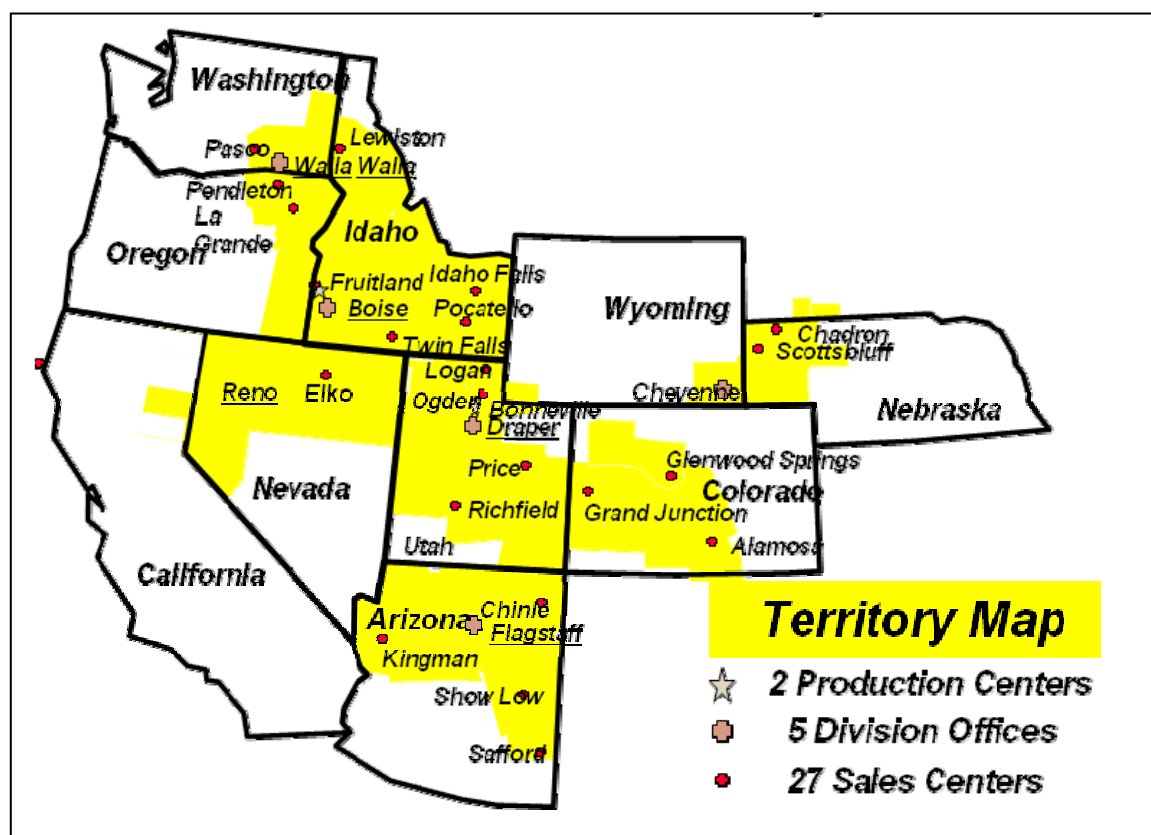
Swire Coca-Cola, USA

Swire Pacific acquired the Coca-Cola Bottling Company of Salt Lake City in 1978. Swire Coca-Cola, USA has two production facilities, at Salt Lake City, Utah and at Fruitland, Idaho. We also have 27 sales centers throughout the western USA. Swire Coca-Cola's ten state franchise territories extend from Washington in the north to Arizona in the south and from California in the west, to Nebraska in the east.

Total Number of Employees/ Company Facts

- SCCUSA employs over 1,900 people
- We produce and distribute 40 million cases of product to over five million consumers every year.
- Our sales and delivery fleet is made up of over 500 vehicles.
- Our customers enjoy approximately 2.4 million servings of Coca-Cola every day.
- SCCUSA is part of the Swire Beverages Division headquartered in Hong Kong.

Swire Coca-Cola, USA Territory Map



Location from which services will be provided:

Swire Coca-Cola, USA – Meridian
600 E. Overland Road
Meridian, ID, 83642

Swire Pacific Ltd.

The winning tradition of our Swire Family began 1816, with the parent company, John Swire & Sons. In the early 1860s the company began to trade with China and in 1866 established its first Far Eastern office in Shanghai, China. From this foothold in the Orient, the family eventually established headquarters in Hong Kong, where our parent company Swire Pacific Ltd. has remained to this day. Over the years, Swire Pacific Ltd. has grown at an impressive rate. It is currently one of Hong Kong's leading publicly-quoted companies, with major interests in a variety of industries worldwide, such as: shipping, aviation, trade, manufacturing, engineering, computers and insurance. The balance of the Group's interests are held directly by John Swire & Sons and these include its deep-sea shipping, cold storage and agricultural activities worldwide and additional businesses in the U.K., Australia, Papua New Guinea, Japan and Mauritius. John Swire & Sons acts as overall co-coordinator of Group policy, as well as providing management services throughout the Group.

Through it all, we have held fast to traditional values. From our Far East offices in Hong Kong, to our numerous holdings throughout the world, our tradition of hard work and family unity has enabled the Swire Group to gain world-wide recognition as a true family of winners.

4.2 CUSTOMER REFERENCES

The Proposer must provide references or names and point of contact information from at least five (5) references with at least one (1) from a higher education institution and at least one (1) local reference that the vendor has successfully provided beverage services. All references must be current and have had a working relationship with your company within the last five (5) years.

Including the following information for each reference:

- 4.2.1 Client name and address;
- 4.2.2 Reference name, title, and phone number;
- 4.2.3 Dates beverage service was provided;
- 4.2.4 Brief overview of services provided.
- 4.2.5 **Proposer must ask each reference to fill out the reference form contained in Exhibit 5. These forms may either be provided in the proposal or returned directly by the reference to tspinazz@boisestate.edu. It is the responsibility of the proposer to ensure the vendor has completed and returned the reference form.**

BSU reserves the right to contact as references other customers not listed in the information provided by the proposer for Section 4.2

Please see Tab “Customer References” in Coca-Cola’s proposal submission to this RFQ.

4.3 VENDOR REPRESENTATIVES

The Proposer shall identify the people who will represent the beverage services vendor in developing and implementing the programs identified. *A resume must be provided for each proposed representative.* The University reserves the right, but is not obligated, to require a meeting with the proposed beverage services representative as part of its evaluation of any or all proposals. Resumes must be formatted as follows:

- 4.3.1 Name;
- 4.3.2 Title/current job function;
- 4.3.3 Work location and phone number;
- 4.3.4 Work history experience;
- 4.3.5 Employment history;
- 4.3.6 Education;
- 4.3.7 Qualifications relevant to this contract;
- 4.3.8 Personal business references.

Please see Tab “Vendor Representatives” in Coca-Cola’s proposal submission to this RFQ.

5.0 BASE PROPOSAL REQUIREMENTS

5.1 BEVERAGE SERVICES PLAN (M,E)

In support of its financial and operational objectives, each vendor will provide a detailed proposal to provide beverage services. The proposal should identify specific sales and revenue objectives for each product and distribution channel. The proposal should also include assumptions and commitments required to obtain those goals. If any expenses beyond provision of space and utilities are to be borne by the University as a part of the beverage services vendor's proposal, such expenses must be separately itemized and listed in the proposal.

The proposal should describe the programs and/or resources that support the likelihood of achieving the identified objectives. The proposal should also include services and reporting commitments and plans for communications and reviewing performance. ***The proposal must also identify risks the vendor does not control that would negatively impact performance, and describe how the vendor will mitigate these risks.***

The proposal represents an opportunity for each vendor to provide examples of its innovative programs, alternative distribution strategies, operational opportunities, marketing proposals and understanding of the University's environment and commitments.

Please see Tab "Beverage Services Plan" of Coca-Cola's response to this RFQ.

5.2 FINANCIAL COMMITMENTS

Boise State University **SHALL** require specific financial commitments throughout the term of this Contract. Commitments will include cash incentives, sponsorship and marketing opportunities, rebate guarantees, annual donations of product to support student life, and other support costs as identified in the RFP Section 6.0.

Future opportunities include expansion of the beverage services Contract to additional University campuses and facilities, and an increased customer base provided by increasing student enrollments, increased staffing levels, and persons coming to campus for cultural, intellectual, athletic, and entertainment events. In addition, the University will require that all equipment and service be maintained in compliance with current University technology standards. Beverage services vendors are encouraged to consider a process to identify new opportunities in product, packaging, distribution, etc. for the University to consider.

Please see Coca-Cola's financial commitments outlined in Section 5 of the Term Sheet.

5.3 SUPPORT OF UNIVERSITY BASE OPERATIONS (M)

The University currently distributes and sells beverages through the following operations: vending, concessions, catering, resident hall dining and retail. The current food services

contractor on the campus is Aramark whose contract extends at least through the year June 30, 2011. Aramark, through their subcontractor, Canteen Corporation, provides non-beverage vending.

This beverage services Contract and its terms will remain in effect should a change occur in the University's contract food services contractor.

The beverage services Contract will support existing and future University distribution. The proposal should reflect the supplier's commitment to provide products, equipment, service and marketing support to each current, additional or alternative channel in the proposal.

Coca-Cola understands and agrees to comply with further clarification below.

The University currently has a Concessionaire operating its facilities on Campus. That Concessionaire has an agreement with Company that describes the terms for Beverage pricing, equipment and service provided by Company to that Concessionaire. If University engages any other Concessionaire(s) to operate on Campus, Sponsor will separately negotiate terms for Beverage prices, equipment and service with such Concessionaire(s).

Please see Tab "Business Services Plan" in Coca-Cola's response to this RFQ for Coca-Cola's commitments with respect to existing and proposed future channels of Beverage distribution on campus.

5.4 PRODUCT

5.4.1 SELECTIONS (M,E)

The vendor will identify and provide, or offer to provide, at the University's option, all beverages packaged, manufactured or distributed by or otherwise available (i.e., through Contracts, partnerships, alliances or other cooperative efforts) to the vendor. The successful vendor shall provide a minimum of five (5) nationally branded products, including diet and non-caffeinated selections, one of which must be Dr. Pepper or proposed equivalent approved by the University. The University will retain all rights to make the final determination of the mix of branded products included on the shelf. The vendor and the university will annually negotiate products included on the shelf. The vendor will commit to provide and offer to include in the Contract, all future beverages manufactured, packaged or distributed by or otherwise made available to the vendor. Unless otherwise specified in the proposal, it is understood that the vendor will make available to the University, at the University's option, all current and future beverages offered by the vendor. The vendor shall provide all signage or product labeling to advertise the product. The University reserves the right to specify beverages at a particular location (i.e., Campus Recreation).

Please see Tab "Product Selections" in Coca-Cola's response to this RFQ.

5.4.2 SPECIFICATIONS (M,E)

The proposal shall identify all beverages sold or distributed by the vendor, including all specifications fully describing the portion size, packaging dispensing capability in concentration (if applicable) of each beverage and associated pricing for each. The proposal should include a complete listing of all syrup and concentrate flavors offered by vendor and associated pricing for each. Please note that cost of product must be provided using formats contained in Exhibit 4.

Please see Tab “Product Selections” and “Exhibit 4” in Coca-Cola’s response to this RFQ.

5.5 NATIONAL PRICING (M)

The vendor **SHALL** be required to submit a proposal to provide fountain drinks, however if the vendor has national contracts with the University’s food services Contractor it will be required that the vendor prices to the food services Contractor be the lesser of the bid presented by the vendor through this request for proposals or the national pricing afforded the University’s food services contractor. For informational purposes, the University currently contracts its food services with Aramark and such contract carries through June 30, 2011 with five additional annual options to renew.

Please see Tab “Exhibit 4” in Coca-Cola’s response to this RFQ and the Term Sheet Exhibit C.

Post-mix pricing (as well as pricing actions and adjustments) will be the price as stipulated in the University’s concessionaire’s agreement with The Coca-Cola Company. Historically, pricing actions for Foodservice products, are announced in late November and take effect January 1 of the new year.

5.6 EQUIPMENT (M)

The beverage services vendor **SHALL** be required to supply, install, service and maintain all vending, fountain, display and other equipment used to sell or display beverages, at no cost to the University.

Additionally the successful respondent will be required to coordinate the installation of equipment with the removal of equipment by the current contractors to assure a minimum period of time without service and that all vending equipment and all other beverage equipment is in place no later than August 1, 2008 according to agreement.

The University encourages the use of new technology in the servicing of the account, dispensing of product, and distribution of the products. The University reserves the right to approve all technology changes which effect the distribution or dispensing of products, or operation of any equipment which the contractor wishes to incorporate during the life of the contract.

Coca-Cola understands and agrees to comply with further clarification below.

Coca-Cola will consult with the University before modifying existing equipment to incorporate new technologies. Coca-Cola and the University will mutually agree to the installation of new equipment that contains new technological features not contained on the current equipment.

5.6.1 Vending Equipment (M)

Each proposal must include the beverage services vendor's commitment to all of the following:

- 5.6.1.1** To supply, install, service and maintain new and like new state-of-the-art beverage vending equipment at no cost to the University and as approved by the University in all areas currently serviced by beverage vending. The University may direct the addition or deletion of equipment as necessary. All equipment shall remain the property of the vendor. A complete list of current vending machine locations is included in **Exhibit 2(a)**.
- 5.6.1.2** Equipment must be in line with University energy conservation requirements and is subject to University approval.
- 5.6.1.3** To provide all labor and materials necessary for the equipment installation and removal. The University shall furnish all utilities within five (5) feet of the equipment location; however, the University shall not be liable for equipment or product damage due to utility interruption, such costs are to be borne by the vendor. The University will correct broken utility service as soon as practical.
- 5.6.1.4** To provide professional quality product selection labels at no cost to the University.
- 5.6.1.5** To recommend placement and location of additional beverage vending equipment to most effectively promote beverage sales and service. The University will approve all locations and reserves the right to accept or reject any and all additional proposed locations.
- 5.6.1.6** To observe all applicable University policies and procedures including parking regulations. Vendor is required to purchase parking permits for all vehicles servicing the University. Parking fines and fees are the vendor's responsibility. Vendor is to service machines from loading docks and designated service areas only.
- 5.6.1.7** To require employees to wear easily recognized uniforms, which are suitable to the job function to be performed, and which easily and appropriately identify the vendor and the employee's name(s).

- 5.6.1.8** To prohibit the furnishing, by the vendor, of free or discounted vended products to employees or university personnel, or to customers as a direct operating expense applicable to sales or commissions under this Contract.
- 5.6.1.9** To accept sole responsibility regarding theft or damage to vendors equipment. The University will exercise its security measures in regard to the vendor's equipment.
- 5.6.1.10** To service vending machines only during normal building hours. The University will notify the vendor of any changes in building hours due to vacations, holidays, semester breaks, etc. The University may issue keys or ID entry cards as deemed appropriate for servicing vending machines. The vendor will be responsible for ensuring the security and appropriate use of these keys.

Coca-Cola understands and agrees to comply with further clarification below.

Coca-Cola's commitments concerning vending equipment are located at Tab "Equipment" in Coca-Cola's response to this RFQ.

Please note that Coca-Cola is unable to commit to providing "state of the art" vending equipment, but can agree to providing "new or like new" vending equipment to meet the needs of Boise State University, incorporating new vending machine technology as available.

Coca-Cola would like to work with the University to mutually agree upon any additions to or deletions of vending equipment.

5.6.2 Fountain Equipment (M)

Each proposal must include the beverage services vendor's commitment to all of the following:

- 5.6.2.1** Dispensing equipment must be supplied, installed, serviced and maintained by the vendor at no cost to the University. A description and location of fountain equipment currently operated by the University is provided in **Exhibit 2(b)**.

The Company will continue to support the fountain equipment currently serving Coca-Cola products within University facilities. Fountain equipment installation and service of Company-owned fountain equipment will be executed through existing service agreements with the University's current foodservice concessionaire. If, in the future, the University does not use a third party concessionaire for any of its facilities, the Company will

provide, install and service Company-owned fountain equipment at no charge to the University at these facilities.

5.6.2.2 The proposal should include the vendor's recommendation regarding placement and location of additional fountain equipment to most effectively promote beverage sales and service, if required.

5.6.2.3 All fountain equipment must be like new and maintained at current state of the art condition. All fountain equipment must include ice dispensing. The equipment shall remain fully functional and dependable for the term of the Contract. The University may request the replacement of fountain equipment that is no longer serviceable in the University's opinion.

The Company is committed to providing the University with fountain equipment that serves a quality fountain beverage. The Company agrees to consult in good faith with the University concerning the replacement of fountain equipment that the University reasonably believes to be unserviceable. The Company and the University will determine all equipment placements and replacements based on mutually agreed upon parameters of service incidence, operational needs and physical appearance. Please note that the Company is unable to commit to providing "state of the art" fountain equipment. In addition, the Company will provide fountain equipment that has ice dispensing capability, but will not provide ice maker equipment.

5.6.2.4 All dispensers must be equipped with locks and/or shut-off valves at no cost to the University and shall be fitted with a stainless steel, vented, double check valve backflow. ***The successful vendor will be responsible for scheduling and payment for the annual inspections of back flow prevention devices. Equipment will be subject to health and safety inspections.***

All Company-supplied carbonated fountain systems will have a double vented check valve on all carbonators. If separate backflow prevention devices are required for compliance with local health and safety codes, these should be supplied by the University or its concessionaire and installed by a licensed plumber. Annual inspections should also be at University's expense.

5.6.2.5 All racks, tubing, hook up from the stubbed out lines provided by the University will be the responsibility of the Contractor and provided at no cost to the University.

5.6.2.6 All dispensers must be equipped with separate water supply shut-off.

5.6.2.7 Syrup must be in five (5) gallon bags in a box. An alternative specification requires University approval.

Coca-Cola's fountain syrup is available in 5-gallon and 2.5-gallon Bag-in-Box (BIB) packages. See Tab "Product Specifications" for a complete listing of the brands available for each package size.

Additional information relating to fountain equipment is located in Tab "Beverage Services Plan" of Coca-Cola's proposal submission.

5.6.3 Reach-In Cooler Equipment (M)

Each proposal shall include the beverage service vendor's commitment to the following:

5.6.3.1 To supply, install, service and maintain new and like new state-of-the-art reach-in cooler equipment at no cost to the University. A complete list of reach-in cooler locations is provided in **Exhibit 2(c)**.

5.6.3.2 To recommend placement and location of additional reach-in coolers equipment to most effectively promote beverages sales and services, to be approved by the University.

Coca-Cola's commitments concerning reach-in cooler equipment are located at Tab "Beverage Service Plan" of Coca-Cola's response to this RFQ.

Please note that Coca-Cola is unable to commit to providing "state of the art" reach-in cooler equipment, but can agree to provide "new or like new" reach-in cooler equipment to meet the needs of Boise State University.

5.7 Debit / Credit Card Readers

The University desires to utilize debit/credit card functionality on vending machines. Bidding vendors should provide a proposal for installation of such devices by location (see Exhibit 2(a) for current vending machine locations). If any expenses beyond provision of space and utilities are to be borne by the University as a part of vendor's proposal, such expenses must be separately itemized and listed in the proposal.

Coca-Cola's proposal concerning debit/credit card readers is located at Tab "Beverage Services Plan" and Section 6(G) of the Term Sheet of Coca-Cola's response to this RFQ.

5.8 Repairs and Service (M)

The successful vendor will be required to respond to all service calls within 3 hours and repair all malfunctioning equipment, including debit/credit card readers if applicable, within 48 hours or to replace the equipment. The vendor shall have a repair person on site at each University home football games and have an identified individual who is on call during all home basketball

games and at other times as directed by the University. The vendor is to maintain a 24-hour answering service and provide a sticker on vending machines with the 24-hour phone number.

- 5.8.1 Service** – The University is committed to excellent customer service and requires 24 hour, 7 day a week repair service with a guaranteed 3 hour maximum response time for fountain equipment, vending or other maintenance and repair calls. The proposal should describe the service and quality control program proposed by the vendor.

All service for Company-owned fountain equipment will be accessed through the use of the Company's 24/7/365 toll-free service network, 1-800-241-2653. All service calls will be prioritized and responded to by call type. Emergency calls (e.g. carbonator down) will be given the highest priority and responded to within 4 hours. Lower priority calls (e.g. of taste on one fountain valve) will be given a lower priority. All callers will receive a realistic estimated time of arrival immediately following the call placement.

The Company recognizes the critical nature of fountain equipment service and repair the day of a football game. "Stand-by service" of Company-owned fountain equipment in the University's football stadium will be executed through existing service agreements with the University's current foodservice concessionaire and the Company.

One stand-by service technician will generally be available for up to one hour before a football game and for two hours during the football game to ensure that equipment is performing and serving a quality fountain beverage.

- 5.8.2 Repair and Maintenance** – If for any reason a vending machine (including the coin and bill mechanisms and debit/credit card readers, if applicable) is inoperable for longer than two consecutive days (48 hours), the vendor must either make the machine operable or replace the machine with like equipment of good mechanical condition. In addition, the University reserves the right to require the vendor to replace any piece of equipment which has a poor history of mechanical operation or whose physical condition is unsatisfactory.

- 5.8.3 Deleted section on damage fees**

- 5.8.4 Refunds** – The University requires coordination of a procedure to accommodate vending machine refunds at designated locations across campus and advertise those locations appropriately.

Please see Coca-Cola's proposal concerning repairs and service levels located at Tab "Service Plan" of Coca-Cola's response to this RFQ .

6.0 CASH INCENTIVES, SPONSORSHIPS, AND MARKETING OPPORTUNITIES

In consideration for the exclusive right to provide beverage services at Boise State University, the University seeks a variety of financial commitments to benefit the campus community and to reinforce the value of the partnership between the University and the beverage services vendor.

The University desires to receive an annual cash incentive from the vendor to be utilized by the University to support its role and mission. In addition, the University seeks to partner with the successful beverage services vendor to promote through sponsorships and marketing opportunities, innovative University programs and initiatives in such a way that the beverage services vendor will receive prominent and public recognition for their efforts. To further this goal, the University has prepared a series of sponsorships and marketing opportunities, which are listed in **Exhibit 3(b)** attached. The University requests that beverage services vendors indicate which programs they would desire to fund that will both fit their own corporate goals as well as enhance the opportunities for the University and the community.

The proposer should strive to emphasize a balance of programs based on the evaluation criteria identified in Section 9.2 of this document.

Coca-Cola will consider in good faith sponsorships and marketing opportunities in connection with the University-wide events and programs identified in Exhibit 3(b). Coca-Cola's failure to separately sponsor or provide marketing support for these events and programs should not result, however, in a sponsorship association or affiliation between these events and programs and Coca-Cola's competitors.

The University can accept this as it relates to student activities and suggests an amount of product available to student activities in the product donation section of the terms sheet as a substitute. The University can not accept this with respect to entertainment venues and touring events and has added the language from the RFP to the exclusions in the terms sheet.

Please see Coca-Cola's proposal located in Section 5(D) of the Term Sheet of Coca-Cola's response to this RFQ.

6.1 COMMISSIONS (M,E)

The University requires a commission on the sales of all vended beverage products on campus calculated as a percentage of sales and including a guaranteed annual minimum. The beverage services vendor should provide the commission rate per vended beverage item. **Exhibit 1** provides vending machine sales information for fiscal year 2007 to assist proposing vendors. Commission rates will be effective for the life of the contract. Commissions will be evaluated based on proposed guaranteed minimums. A 3% increase per year will be implemented on the guaranteed minimum at the beginning of the third year of this contract.

Please see Coca-Cola's proposed vending commissions and annual guaranteed minimums in Exhibit B of the Term Sheet.

6.2 ATHELETICS SPONSORSHIP AND MARKETING OPPORTUNITIES (M)

The successful beverage services provider will also enjoy the benefits of being a Big 4 Sponsor of the Broncos. The sponsorship does not imply naming rights unless negotiated. Benefits of corporate sponsorship are included in **Exhibit 3(a)**. Big 4 Sponsorship requires an annual payment of \$175,000 for years one and two. A 3% increase per year will be implemented at the beginning of the third year of this contract.

Coca-Cola agrees to these terms. Please see Coca-Cola's financial commitments to the University located in Section 5(A) of the Term Sheet.

Coca-Cola's Response to University: Section 9 of the Term Sheet contains Coca-Cola's proposed language concerning marketing, advertising and promotional rights. 6-13-08

6.3 OTHER CAMPUS SPONSORSHIP AND MARKETING OPPORTUNITIES (M,E)

6.3.1 Recycling and Sustainability Program – Boise State University has an active interest in recycling on campus. Funds provided will be used to provide capital equipment and administrative support for recycling and sustainability, which includes cans and bottles.

The University will acknowledge the support of the beverage vendor and will include mutually agreed upon identification of the vendor and the joint partnership.

The beverage services vendor must provide a minimum annual payment of \$15,000 to the University to support recycling initiatives on campus. In addition to the mandatory minimum sponsorship, proposals will be evaluated based on sponsorship values that exceed the minimum.

Coca-Cola agrees to these terms. Please see Coca-Cola's financial commitments to the University located in Section 5(C) of the Term Sheet.

6.3.2 Sponsorship of Student Affairs - The role of Student Affairs is to promote student success; enhance student growth and development; and to assist in developing an institutional climate that promotes intellectual inquiry, celebrates diversity, and promotes acts of civility.

The beverage services vendor must provide a minimum annual payment of \$40,000 to the University to support the Student Affairs. In addition to the mandatory minimum sponsorship, proposals will be evaluated based on sponsorship values that exceed the minimum.

Coca-Cola agrees to these terms and has proposed an annual payment of \$50,000 to the University to support Student Affairs. Please see Coca-Cola's financial commitments to the University located in Section 5(B) of the Term Sheet.

6.3.3 Campus Wide Marketing Support - The University recognizes the importance of timely and effective marketing to promote the sales of beverages on campus. These efforts are intended to support the sale of beverages on campus through all distribution channels (i.e., retail, concessions, vending, residential board dining, catering, etc.).

The University anticipates that the successful vendor will support and continuously develop marketing and sponsorship initiatives. The University seeks a vendor that will support academic, and student activity initiatives with a balanced approach to each of these initiative areas. See the proposed initiatives that are identified in **Exhibit 3(b)**.

Proposals will be evaluated based on proposed sponsorship values for campus wide marketing support.

Coca-Cola agrees to these terms. Please see Coca-Cola's financial commitments to the University located in Section 5(D) of the Term Sheet. Coca-Cola agrees to allocate marketing dollars toward sponsorships and marketing opportunities in connection with University-wide events and programs, which may include those identified in Exhibit 3(b). Coca-Cola's failure to separately sponsor or provide marketing support for any of these events and programs should not result, however, in a sponsorship association or affiliation between these events and programs and Coca-Cola's competitors.

The University can accept this as it relates to student activities and suggests an amount of product available to student activities in the product donation section of the terms sheet as a substitute. The University can not accept this with respect to entertainment venues and touring events and has added the language from the RFP to the exclusions in the terms sheet.

6.3.4 In-Kind Product Support - University student clubs and organizations rely heavily on donations of product to support activities throughout the year. As such, the University expects the vendor to provide a plan of in-kind product support on an annual basis to support student life.

Coca-Cola agrees to these terms. Please see Coca-Cola's financial commitments to the University located in Section 5(E) of the Term Sheet .

7.0 FINANCIAL TERMS (M)

7.1 AUDITING AND ACCOUNTING

- 7.1.1 The beverage services vendor will operate on its own credit, with no advance payments from the University.
- 7.1.2 All records relating to payments made or the provision of goods or services under this RFQ must be retained by the beverage services vendor, and accessible to the University for a minimum of five (5) previous years plus the current contract year. The University reserves the right to audit during regular business hours upon at least three (3) business days' notice any aspect of the performance of the Contract. The vendor shall keep full timely and accurate records in accordance with generally accepted accounting practices (GAAP).
- 7.1.3 The books, records, documents, and accounting procedures and practices of the beverage services vendor relevant to this contract shall be subject to examination by the University and/or State of Idaho officials during regular business hours upon at least three (3) business days' notice. The beverage services vendor shall:
- 7.1.3.1 Provide the University and/or its auditor's reasonable facilities for the examination, copying and audit of the books and records at the location where the records are kept in the ordinary course of business.
 - 7.1.3.2 Make such returns and reports as are reasonably required or necessary to evaluate the vendor's performance under the beverage services contract.
 - 7.1.3.3 Attend and answer under oath all lawful inquiries related to the vendor's performance under the beverage services contract.
 - 7.1.3.4 Produce and exhibit such books and records, related to the beverage services contract or the vendor's performance under the beverage services contract, as may be desired to be inspected at the location where the records are kept in the ordinary course of business.
 - 7.1.3.5 In all things related to the beverage services contract, cooperate with the University and/or its auditors in the performance of its duties.
- 7.1.4 Bottler shall inform the University of the schedule of independent audits of the vendor's records and operations, if any. The University shall receive a report of any findings that materially affect the University.
- 7.1.5 The University is on a monthly business cycle with a fiscal year of July 1 through June 30. Bottler shall supply financial data according to this cycle as well as special annual reports and analysis covering its operations under the Contract no later than July 31st following the end of the fiscal year. All reports shall be

provided to the University via an electronic means such as CD and in Microsoft Excel spreadsheet format or other mutually acceptable media.

- 7.1.6** Upon request of the University, the beverage services vendor shall meet with the University and review each operating statement, explain deviations, discuss problems, and mutually agree on courses of action, to improve the results of the required services included in this Contract. Operating statement adjustments required as a result of review and/or audit shall be identified and reflected in the next period statement.
- 7.1.7** Cash shortages from vending machines provided pursuant to the terms of this RFQ are the responsibility of the beverage services. Commissions are payable on collected cash only.
- 7.1.8** The beverage services vendor cannot waive commissions in any manner without prior written approval from the Vice President for Finance and Administration or his/her designee.

Please see Exhibit B in the Term Sheet for more details.

7.2 ANNUAL SALES AND MARKETING REPORT

Boise State University requests to have an annual fall meeting with designated university personnel to discuss status of the current marketing proposal including sales by location, sales trends compared to prior years, marketing plans for upcoming years, discuss areas that are in need of improvements, equipment location plans, etc.

7.3 Deleted duplicate section

7.4 PAYMENTS TO THE UNIVERSITY

- 7.4.1** The beverage services vendor shall submit commission payments to the University by the 20th of the month for the previous month. The commission for June shall include the amount needed, if any, to reach the minimum annual commission amount for the prior year.
- 7.4.2** Included with the check shall be a complete statement showing sales by each machine and location. These statements should also be provided to the University via an electronic means such as CD or other media in a Microsoft Excel spreadsheet format. The vendor and the University will agree on a mutually acceptable reporting format.
- 7.4.3** Commissions which have not been paid within thirty (30) business days from the due date shall accrue interest at the lesser of one and one-half percent (1.5%) per month or the highest contractual interest rate allowed by the State of Idaho.

- 7.4.4** On expiration or termination of the Contract, partial year guarantee minimum commissions due, if any, shall be calculated as the portion of the total number of periods compared to the annual guaranteed commissions for the number of periods for which service was provided.
- 7.4.5** Checks for rebate payment shall be made payable to Boise State University and forwarded to the Office of the Vice President for Finance and Administration, 1910 University Drive Room 208 Administration Building, Boise, Idaho 83725.

8.0 RESPONSES TO REQUEST FOR PROPOSALS

All proposals should include the following utilizing prescribed formats as noted:

8.1 Executive Summary of Proposal

Proposals to provide beverage services should provide an executive summary that identifies suggested programs, assumptions, and expectations to achieve stated financial and operational objectives. In addition, the proposal should address the University's role and responsibility in the overall program. This document should be signed by a corporate officer and dated.

Please see Tab "Executive Summary" in Coca-Cola's response to this RFQ.

8.2 Proposals to support operations.

Provide a detailed proposal to provide beverages services. The proposal should identify specific sales and revenue objectives for each product and distribution channel. The proposal should also include assumptions and commitments required to obtain those goals.

The proposal should distinguish between supporting existing services and any opportunities or strategies to modify and/or improve existing distribution channels.

If any expenses beyond provision of space and utilities are to be borne by the University as a part of vendor's proposal, such expenses must be separately itemized and listed in the proposal. (Section 5.1)

Please see Tab "Beverage Services Plan" in Coca-Cola's response to this RFQ.

8.3 References

Provide at least five (5) references with at least one an institution of higher education and one vendor local to Boise State University that the vendor has successfully provided beverages services. Include company name, campus contact person, email, and phone numbers. (Per Section 4.2)

The reference form contained in Exhibit 5 may either be submitted as part of the proposal or sent directly by the reference to Boise State University as indicated on the form. However, it is

the proposers responsibility to ensure the forms have been submitted for evaluation. (Per Section 4.2)

Please see Tab “References” in Coca-Cola’s response to this RFQ.

8.4 Provide list of the people and current resumes whom it anticipates representing the beverage services vendor in developing and implementing the programs identified and provide current resume(s). (Section 4.3)

Please see Tab “Vendor Representatives” in Coca-Cola’s response to this RFQ.

8.5 Provide recommendations on how to maximize the opportunities available to a partnership between the University and the beverage vendor. (Section 5.1)

Please see Tab “Beverage Services Plan” in Coca-Cola’s response to this RFQ.

8.6 The proposal should describe the programs and/or resources that support the likelihood of achieving the identified objective. The proposal should also include service and reporting commitments and plans for communications and reviewing performance. The proposal represents an opportunity for each beverage services vendor to provide examples of its innovative programs, alternative distribution strategies, operational opportunities, marketing proposals and understanding of the University’s environment and commitments. (Sections 5.6, 5.7, 5.8, 7.0)

Please see Tab “Beverage Services Plan” in Coca-Cola’s response to this RFQ.

8.7 Provide product identification of all beverages sold or distributed by the vendor including a complete listing of all syrup and concentration (if applicable) of each beverage and a complete listing of all syrup and concentrate flavors offered by vendor per Section 5.4.

Please see Tab “Product Specifications” in Coca-Cola’s response to this RFQ.

8.8 In addition to information to be provided in **EXHIBIT 4**, vendors are allowed to suggest an alternative pricing structure all beverages sold, distributed or otherwise offered by the vendor, which better supports the beverage contract objectives. If an alternative is provided explain why it is superior.

Please see Tab “Exhibit 4” in Coca-Cola’s response to this RFQ.

8.9 If National Pricing will be used, provide complete information on this Pricing per section 5.5

Please see Tab “Exhibit 4” in Coca-Cola’s response to this RFQ.

8.10 List sponsorship opportunities selected to provide programming partnerships with the University per section 6.0

Please see Tab Term Sheet, Section 5 in Coca-Cola’s response to this RFQ.

8.11 Annual Guaranteed Commissions on Vended Sales per section 6.0

Please see Tab Term Sheet, Exhibit B in Coca-Cola’s response to this RFQ.

8.12 Signature Page signed and completed. Signature page is to be the first page (page 1) of the proposal.

Please see Tab “Signature Page” in Coca-Cola’s response to this RFQ.

9.0 EVALUATION

9.1 THE PROCESS

Upon opening, Purchasing will inspect the proposal for the following (not necessarily limited to the following):

- 9.1.1** That the proposal was timely per the published closing date and time;
- 9.1.2** That the proposal includes an original signed Signature page (attached in Sicomm);
- 9.1.3** That the proposal has not been qualified by the Proposer, meaning that the Proposer has not conditioned their proposal based upon BSU accepting terms or conditions established by the Proposer;
- 9.1.4** That the proposal contains all required information;
- 9.1.5** Other unforeseen conditions that might deem the proposal non-responsive upon opening.

Purchasing will forward all responsive proposals to the Evaluation Committee for evaluation. This committee will evaluate and score the proposals based on the evaluation criteria after reviewing for mandatory components.

9.2 EVALUATION CRITERIA AND SCORING

The following table identifies the points assigned to each RFP section:

<u>Evaluated Sections</u>	<u>Maximum Possible Points</u>
Proposer Information (Section 4.0)	100
Base Proposal Requirements (Section 5.0) Detailed services plan, product selection, product spec	100
Commissions (Section 6.1)	250
Other Campus Sponsorships (Section 6.3.1, 6.3.2)	250
Campus Wide Marketing Support (Section 6.3.3)	100
In Kind Support (Section 6.3.4)	100

Price of Product (Section 5.4.2, Exhibit 4)	100
TOTAL POSSIBLE POINTS	1000

9.3 PROPOSAL

In the categories of Commissions, Other Campus Sponsorships, Campus Wide Marketing Support, In Kind Support (if applicable) points will be normalized using the following:

Best \$ value proposal will receive 100% of category points. The next best \$ value proposal will be divided into the best \$ value proposal and the resulting percentage will be multiplied by total category points to determine the points awarded. (Example: [Vendor 1: Commission proposal of \$100,000.00] [Vendor 2: Commission proposal of \$90,000.00] [Vendor 1 receives 250 points] [Vendor 2: ($\$90,000.00 / \$100,000.00 = .90$) X 250 points = 225 points]) Commission points for all subsequent proposals will be normalized via this method.

10.0 AWARD

Any intent to award will be made to the responsive, responsible Proposer whose proposal receives the highest overall score.

The University reserves the right to cancel this RFP at any time prior to a contract being established, if it is determined to be in the best interest of the University.

The award will be subject to State Board of Education approval to be obtained on August 21, 2008 at the regularly scheduled meeting.

EXHIBIT 1: VENDING SALES INFORMATION

During the period of July 1, 2006 through June 30, 2007 (the University's most recent completed fiscal year) the following amounts of cold beverages products were sold:

<i>Boise State University</i>	
<i>Beverage Vending Sales for Fiscal Year 2007</i>	
<i>Month</i>	<i>Sales</i>
<i>July</i>	<i>\$13,044</i>
<i>August</i>	<i>14,005</i>
<i>September</i>	<i>37,273</i>
<i>October</i>	<i>26,109</i>
<i>November</i>	<i>20,285</i>
<i>December</i>	<i>20,806</i>
<i>January</i>	<i>15,741</i>
<i>February</i>	<i>23,895</i>
<i>March</i>	<i>28,421</i>
<i>April</i>	<i>23,651</i>
<i>May</i>	<i>17,644</i>
<i>June</i>	<i>18,540</i>
<i>Totals</i>	<i>\$259,414</i>

EXHIBIT 2(a): VENDING MACHINES AND LOCATIONS REQUIRED

<i>Building Location</i>	<i>Number of Machines</i>
Administration Building	7
Advancement Communication Building	1
Business Building	5
Campus School	1
Capital Park Apartments	1
Chaffee A Wing ENERGY	1
Chaffee Hall	8
Children's Center	1
Communication Center	1
Computer Store	1
Diesel Technology Building	2
Driscoll Hall	1
Engineering Technology Building	1
Harry Morrison Engineering Building	1
Health Center	4
Keiser Hall	4
Liberal Arts	9
Library	5
Maintenance Shop	1
Math / Geology Building	7
Micron Building	4
Morrison Hall	1
Morrison Prop Shop	1
Multi Purpose	8
New Science Building	8
Nicholson / Yanke	1
Nursing Building	1
Old Gym	3
Parking Garage	2
Physical Plant	3
Pool	2
Recreation Center	2
Simplot Micron Building	1
Sports Training Center	3
Stadium	3
Student Union Building	7
Swimming Pool	2

Taco Bell Arena	7
Tennis Bubble	1
Tennis Center	3
Theatre Arts	1
Towers	3
University Court	1
University Square	14
University Village	1
Varsity Center	5
Voc Tech	4

Total Number of Machines	<hr/>	154
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EXHIBIT 2(b): FOUNTAIN EQUIPMENT AND LOCATIONS REQUIRED

<u>Location</u>	<u>Description</u>	<u>Quantity</u>
Taco Bell Arena	6 valve	20
Bookstore	6 valve	2
Stadium	6 valve	21
Student Union Building	6 valve	8
	Portable canister	3
	8 valve	2
Interactive Learning Center	6 valve	2
Education Building	8 valve	1
Total		59

EXHIBIT 2(c): REACH-IN COOLERS EQUIPMENT AND LOCATIONS REQUIRED

<u>Location</u>	<u>Description</u>	<u>Quantity</u>
Taco Bell Arena	Countertop cooler	14
	Single door cooler	3
Bookstore	Countertop cooler	1
	Single door cooler	3
	Double door cooler	1
	Triple door cooler	1
Stadium	Countertop cooler	15
	Single door cooler	12
Student Union Building	Single door cooler	3
	Triple door cooler	1
	Countertop cooler	1
Interactive Learning Center	Single door cooler	1
	Double door cooler	1
Education Building	Double door cooler	1
	Countertop cooler	1
Total		59

EXHIBIT 3(a): BENEFITS OF ATHLETICS SPONSORSHIP

The beverage services provider will enjoy the following benefits as one of the Big 4 Athletic Sponsors as part of the beverage services contract:

Bronco Stadium:

Stadium Interior

- One 12' x 14' back-lit static ad panel on Bronco Vision Video Board
- One 3' x 8' back-lit ad panel on south auxiliary scoreboard
- One 3' x 18' Sideline Signature for all Football home games on the East sideline

Stadium Exterior

- One front lit 7' x 24' on Stadium facing Broadway Avenue

Taco Bell Arena

Taco Bell Arena Interior

- One 2 x 8 foot back-lit ad panel on Bronco Vision Video Board
- One 2 x 4 foot back-lit ad panel on Bronco Vision Video Board
- One 3 x 9 foot back-lit panel behind each basket next to game scoring mechanism behind north basket
- One 2 x 2 foot back-lit ad panel located to scoring mechanism behind north basket
- Three 3 x 9 back-lit rotator ad panel on each side of the basketball floor
- One 3 x 9 foot back-lit panel on each side of the basketball floor

Taco Bell Arena Exterior

- 13' x 25' electronic message board with back-lit presence of Big 4 Bronco Logo
- Business Logo and Electronic Messages on Taco Bell Arena Exterior Reader Board

Bronco Vision

Bronco Vision Video Board

- Replay sponsor during all FB/BB home games (Company logo leads into each Bronco Vision replay for one quarter **each FB/BB** home game).
- One 30 second promotional spot per home football and basketball game
- One In-Game Promotional Feature per home football and basketball game (i.e. – “(Vendor) Caught Red Handed”)
- One In-Game Partner Thank-You by Head Football and Basketball Coach (shown at least once per home game)

Additional Venue Signage

Bronco Venues

- Boas Soccer Complex (3 x 9 foot static ad panel on score board with Company Logo)

- Jackson's Indoor Track (4.5 x 5 foot static ad panel on score board with Big 4 Logo)

Radio & Television

- One :15 commercial spot during broadcast of all Football and Basketball games (KIDO Radio)
- One Special Coaches Thank-You during all Football and Men's Basketball broadcasts (45 total broadcasts)
- Rotating Tag Lines as corporate partner on Boise State Athletics promotional airtime.

Television (KTVB Media Group) Boise, Twin Falls and Spokane

- One 30-second promotional spot during each live or replayed Bronco football and basketball telecast by the KTVB Media Group (Minimum of 90 total broadcasts);
- Rotating spots on KTVB and KTVB 2 from September to March (minimum of 25 spots on KTVB during Prime Time and minimum of 300 spots on KTVB 2); and

Boise State Radio

- 50 underwriting spots as Corporate Partner of Bronco Athletics per year on Boise State Radio Network (4 stations total reaching from McCall to Sun Valley)

Print Advertising

Game Program Advertising

- One full page color ad in all football and basketball game programs

Outdoor Advertising

- Bottom 1/3 of two (2) 14' x 48' billboard per Football and Men's Basketball Season (August- March)

Big 4 Bronco Logo present on all of the following:

1. Schedule Cards (150,000);
2. Game Programs Covers (110,000);
3. Media Guides (10,000);
4. Team Posters (20,000);
5. BAA Membership Magazine (14,000);
6. Season Ticket Stock (175,000);
7. Season Ticket Mailers (10,000);
8. Summer Sports Camp Brochures (50,000)

Internet (Broncosports.com)

1. Company logo with direct link to Company Home Page
2. Available promotional opportunities on Web Page to be determined
3. Company banner advertisement on Bronco Vision Video Player

Athletic Department Mailings

Football and Basketball Season Ticket Mailings

- Inclusion in all season ticket mailing done by Boise State Athletics (materials provided by Partner)

Corporate Hospitality and Entertainment

Motivational Speakers/Promotional Rights

- Use of a Boise State coaching staff or administrative staff member to speak to your employees (based on availability and agreed upon by chosen head coach) and/or customers for 60 minutes per year, and ability to purchase additional speaking engagements at an agreed upon rate
- Use of a Boise State coaching staff member, staff member, cheerleaders, mascot or marching band for a promotional commercial shoot per year

Team Travel

- Two spots on team charter to an away football game to be determined by Boise State

Logo Rights

- Ability to utilize Mark whenever needed to promote Partner, along with the use of Big Four logo in all marketing efforts

Corporate Hospitality Sponsorship

- Game Day sponsor of Corporate Tailgate Area with banner placement in area.
- Partner to receive 100 admission passes to Corporate Hospitality area
- Partner to provide soft drinks and water for each home game for up to 300 guests

Passes

- Two sideline passes to all Bronco home football games
- Four BAA parking passes to all athletic events throughout the season (passes are reserved parking for football)
- Two VIP reserved spots through club seat program for football

Game Sponsorship

- Title sponsor for one home football game and basketball game during each season
- Company banner above each stadium / arena entrance
- Individual logo on game programs and tickets for selected game
- All TV, Radio, and Print advertising surrounding your game . . . "Brought to you by . . ."
- 50 additional tickets for company use for sponsored game

Season Tickets

- 12 total VIP season tickets to all BSU Athletic Events
- Four Club Seats in new addition to Bronco Stadium
- 100 Football Season Tickets in Section 129
- 100 Football Season Tickets in North End Zone

- 6 Bronco Athletic Association Memberships Tied To Season Tickets (Parking passes listed above)

Partner agrees to pay BSU Athletics the full amount by (date) as follows: Minimum of \$175,000 per year for the length of this agreement. A 3% increase per year will begin at the beginning of the 3rd year of this contract.

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EXHIBIT 3(b): CAMPUS-WIDE SPONSORSHIP OPPORTUNITIES

The proposal should identify opportunities for creative and effective support of University-wide programs that present unique opportunities to identify with significant initiatives and activities. The University will work with the vendor to assure maximum exposure for the vendor in these highly recognized and public efforts. The University is open to other initiatives that may be jointly developed by the vendor and the University. Below is a partial list of campus wide events for potential sponsorship opportunities:

Distinguished Lecture Series sponsored by [Vendor/Product Name] - This program was created to promote the discussion of important issues. Several times a year, an eminent person in social or political activities, in the arts or sciences or some other realm of contemporary significance speaks on campus. Students, faculty, staff and the community members have a chance to hear people who have affected the course of history or who are influencing current events.

Boise State Performing Arts Series sponsored by [Vendor/Product Name]

Martin Luther King, Jr./Human Rights Celebration – The MLK Human Rights celebration endures to provide the Boise State University campus with a series of advocacy, awareness, and educational activities for the Boise State community in an effort to promote civility and address the current needs of the community in accordance with the teachings of Dr. Martin Luther King Jr.

Boise State University Post Graduation Celebration - Commencement brings the University together for a traditional ceremony in the Taco Bell Arena to celebrate June and August graduates. Ceremonies include the processional and recessional of candidates as well as individual recognition of each person and hooding of the doctoral candidates. A reception for graduates and families is held immediately following the ceremony on the Intramural Field adjacent to the Taco Bell Arena and the Appleton Tennis Center. Each college will have a designated area where graduates can meet family and friends after the ceremony.

Gene Harris Jazz Festival- The goal of this program is to better serve the jazz community and all of the elements that are a part of it, including: great public jazz concerts, a wide range of educational experiences for students of jazz and furthering the growth of the Gene Harris Endowment, providing scholarships in music for students at Boise State University.

Boise State University Honors Program [Vendor/Product Name] Scholarship - The Honors College at Boise State University offers talented, highly motivated students the personalized attention of a small liberal arts school while drawing upon the resources of a metropolitan research university. Open to majors from all academic disciplines, the mission of the college is to provide students with exceptional opportunities normally found only at expensive private institutions.

New Student Orientation – This program was established to help ease the transition to Boise State University and offers a variety of orientation options to meet individual student needs. Orientation programs answer student and/or parent questions. Attendance is mandatory for all first time degree-seeking students.

Club Sports - Boise State University has over 25 student organizations categorized as Club Sports (www.rec.boisestate.edu/clubsports). Clubs regularly compete in regional leagues, host tournaments, and participate in numerous community service events.

Fettuccini Forum – The Fettuccini Forum is a monthly lecture series held on the first Thursday of the month in the Rose Room in the historic Union Block of downtown Boise.

Annual Welcome Event – the beginning of each academic year is started off with Welcome Back Week activities. Activities are intended to kick off the new academic year and welcome faculty, staff and students back after the summer break.

Scholarships – The University offers a wide variety of need-based and merit-based scholarships including the President's scholarships, Capital Scholars, etc.

EXHIBIT 4: PRICE RESPONSE SHEET
PLEASE SEE EXHIBIT C IN THE TERM SHEET

Beverage Pricing Structure. Additional pages may be added if necessary.

[illegible]

EXHIBIT 5: BSU Beverage Services RFP XXXXXReference Form for (Proposer Name)

Entity Name:

Contact Person:

Title:

Contacts Role with Entity:

Phone:

Email:

Dates proposer provided beverage service to Entity: _____

Please rate the following on a scale of 1-10 with 10 being the highest rating:

1. Ability of company to manage the contract: _____
2. Ability to meet deadlines required by contract: _____
3. Quality of service deliver: _____
4. Quality of product: _____
5. Transition process during implementation _____
6. Communication and documentation _____
7. Ability to follow the rules, regulations, and requirements of your entity: _____
8. Overall customer satisfaction _____

Comments if any:

Signature_____
Date

Please provide response directly to Boise State University at tspinazz@boisestate.edu or by returning to proposer. Reference is needed by Boise State on or before May 12, 2008, 5 p.m. Mountain Time. It is the responsibility of the proposer to ensure the forms have been returned to Boise State.

ATTACHMENT A

SIGNATURE PAGE for Use with a Manually Submitted Invitation to Bid (ITB) or Request for Proposal (RFP) Response

Bids or proposals and pricing information shall be prepared by typewriter or in ink and shall be signed in ink by an authorized representative of the submitting vendor. Two (2) copies of the bid or proposal shall be submitted, one (1) original and one (1) photocopy of the original, unless the RFP solicitation instructions specify otherwise. **AT LEAST ONE BID OR PROPOSAL SUBMITTED BY THE VENDOR MUST BE AN ORIGINAL (NOT PHOTOCOPIED) SIGNATURE.**

NO LIABILITY WILL BE ASSUMED BY THE DIVISION OF PURCHASING FOR A VENDOR'S FAILURE TO OBTAIN THE TERMS AND CONDITIONS AND ANY PROPERLY ISSUED SOLICITATION ADDENDUMS IN A TIMELY MANNER FOR USE IN THE VENDOR'S RESPONSE TO THIS SOLICITATION OR ANY OTHER FAILURE BY THE VENDOR TO CONSIDER THE TERMS, CONDITIONS, AND ANY ADDENDUMS IN THE VENDOR'S RESPONSE TO THE SOLICITATION.

The words "SEALED BID" and the bid number must be noted on the outside of your SEALED BID package. To insure that your SEALED BID is handled properly, the following information must be placed in the lower left corner of your bid package:

SEALED BID**BUYER:****SEALED BID FOR:****BID NUMBER:****CLOSES:**

Send your sealed bid package to: BSU Purchasing Department
1910 University Drive
Boise, ID 83725-1210

This ITB or RFP response is submitted in accordance with all documents and provisions of the specified Bid Number and Title detailed below. By my signature below I accept the STATE OF IDAHO STANDARD CONTRACT TERMS AND CONDITIONS and the SOLICITATION INSTRUCTIONS TO VENDORS dated 10/02/07 as incorporated by reference into this solicitation. As the undersigned, I certify I am authorized to sign and submit this response for the Bidder or Offeror. I further acknowledge I am responsible for reviewing and acknowledging any addendums that have been issued for this solicitation.

Please complete the following information:

BIDDER/OFFEROR (Company Name) _____ BID Number: _____

ADDRESS _____ BID Title: _____

CITY, ST, ZIP _____

TOLL FREE _____ PHONE _____

FAX _____ E-Mail _____

FEIN/SSN# _____

THIS SIGNATURE PAGE MUST BE SIGNED WITH AN ORIGINAL HANDWRITTEN SIGNATURE EXECUTED IN INK AND RETURNED WITH YOUR BID OR PROPOSAL FOR YOUR BID OR PROPOSAL TO BE CONSIDERED!

Original Signature (Manually Signed in Ink)

Date

Please type or Print Name

Title

The Coca-Cola Company's Website: www.coca-cola.com

Swire Coca-Cola's Website: www.swirecc.co

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**Term Sheet for Agreement Between
The Coca-Cola Company
SWIRE PACIFIC HOLDINGS, INC.
BOISE STATE UNIVERSITY**

1. PARTIES

- (A) **THE COCA-COLA COMPANY**, acting by and through its Coca-Cola North America Division (“Company”)
- (B) **SWIRE PACIFIC HOLDINGS, INC.** (“Bottler”)
- (C) **BOISE STATE UNIVERSITY** (“University”)

Company and Bottler are collectively referred to as “Sponsor.”

2. SCOPE OF AGREEMENT

Sponsor will be the exclusive Beverage sponsor of the University, with Campus-wide Beverage availability rights, and on and off-Campus marketing rights. Bottler will have the exclusive right to operate full service Beverage vending on Campus.

3. TERM

The term of the Agreement will be for a period of Five (5) year initial term plus five (5) one-year extensions at the discretion of the University.(the “Term”):

Start Date: July 1, 2008 Initial Term End Date: June 30, 2013

Annual extensions possible through June 30, 2018.

4. DEFINITIONS

Certain capitalized words or phrases are used throughout this document. Such words or phrases have the meanings set forth in **EXHIBIT A**.

5. ***SPONSORSHIP FEES / COMMISSIONS / OTHER CONSIDERATION TO UNIVERSITY***

(A) Athletics Sponsorship Fees - Sponsor will pay to University "Athletics Sponsorship Fees" in the aggregate amount of **\$1,952,844**, payable throughout the Term (assuming all extensions are executed) as follows:

(i) Agreement Year One:	\$175,000
(ii) Agreement Year Two:	\$175,000
(iii) Agreement Year Three:	\$180,250
(iv) Agreement Year Four:	\$185,658
(v) Agreement Year Five:	\$191,227
(vi) Agreement Year Six:	\$196,964
(vii) Agreement Year Seven:	\$202,873
(viii) Agreement Year Eight:	\$208,959
(ix) Agreement Year Nine:	\$215,228
(x) Agreement Year Ten:	\$221,685

(B) Student Affairs Sponsorship Fees - Sponsor agrees to pay University \$50,000 annually (\$500,000 over the 10 year term assuming all extensions are executed) to support Student Affairs.

(C) Recycling Fees - Sponsor agrees to pay University \$15,000 annually (\$150,000 over the 10 year term assuming all extensions are executed) to support University's recycling efforts, including University's expenditures for the purchase of capital equipment and administrative support.

Sponsorship Fees will be paid within 30 days after July 1st each Agreement Year; provided however, the payment of Sponsorship Fees for Agreement Year One shall not be due and payable until thirty (30) days after the date of signature of this Agreement by all parties. University will provide an invoice to the Bottler for the Sponsorship Fees at least 30 days before payment is due.

- (C) Commissions - Bottler will pay to University annual guarantee and commissions and for Company Beverages sold through Bottler's full service Beverage vending machines on Campus as described in **EXHIBIT B** attached hereto.
- (D) Marketing Expenditures - Sponsor will budget and spend \$18,000 annually (\$180,000 over the 10 year-term assuming all extensions are executed) for mutually agreed upon on-campus marketing programs that will enhance student life. Sponsor will hold and manage this budget. All funds made available under this paragraph must be spent within the Agreement Year for which they are budgeted.
- (E) Product Donations - Bottler will donate up to \$9,000 of Company Products (valued at wholesale price) annually (\$90,000 over the 10 year term assuming all extensions are executed) for student, faculty and staff special events.
- (F) Campus Marketing Manager - Bottler will hire and retain a Campus Marketing Manager for Boise State University (a then-current student attending the University). The Campus Marketing Manager will be charged with ensuring that Coca-Cola sampling initiatives, marketing and student programming is executed properly on-campus.
- (G) Card Readers Bottler will spend a total of \$50,000 for the purchase of card readers for approximately 75 Sponsor-placed vending machines on campus over the term of the Agreement.

The monies set forth in this section constitute the full and complete consideration for all rights granted to Sponsor hereunder.

6. BEVERAGE AVAILABILITY RIGHTS OF SPONSOR

- (A) Exclusive Beverage Availability Rights - Sponsor will have exclusive Beverage availability rights on the entire Campus at all times during the Term. University will make Company Beverages available for sale on Campus in all package forms, through fountain dispensing, coolers, kiosks, hawking, and vending, as well as through any other means agreed upon by Sponsor and University. University will use its reasonable, good faith efforts to maximize the sale and distribution of Company Beverages on Campus.
- (B) Permitted Exceptions:

Company Beverages will be the only Beverages sold, served, distributed, sampled, or otherwise made available on Campus, provided however University may, on a non-exclusive basis, serve, sell or dispense the following Competitive Products ("Permitted Exceptions") on Campus:

- Fresh milk or milk-based beverages,
- Hot tea and hot coffee freshly brewed on premise,
- Non-alcoholic or low-alcohol beer, beer, wine, or liquor,
- hot chocolate,
- bottled office water (i.e. bulk water 5 gallons and above),
- the use of any Beverages for academic research purposes,
- concentrated bases used as ingredients and as beverages for catering events,
- products used for academic research,
- Competitive Products required per the terms of the franchise agreements for the current franchise food service locations: Starbucks located in the Library and Quizno's located on the edge of campus, and
- Competitive Products sold at other franchise food service outlets that are not owned or operated by University or its concessionaires or food service operators and that exist on Campus pursuant to valid leases existing at the time that University acquires ownership or control of a building or facility. (University agrees to use commercially reasonable efforts to limit the Competitive Products sold at these locations.)

Permitted Exceptions, to the extent served or sold in cups, shall not be served or sold in Approved Cups.

- (C) Competitive Product Sales. University shall be permitted to sell other Competitive Products in no more than 10% of shelf space in permanent refrigerated space only at each of the current and future convenience store locations (i.e., Bookstore locations, C3 in the interactive learning center, and Fresh Express in the Student Union.) Competitive Products will not be made available in Sponsor's branded coolers. University must also carry in each convenience store location Sponsor's equivalent

Company Beverage for each Competitive Product carried. For example, if Red Bull® is carried, Full Throttle® must also be carried.

- (D) Trademark Visibility for Permitted Exceptions. University may display trademarks for Permitted Exceptions on menus, menuboards, dispensing equipment, coolers and vessels to indicate availability, but no Permitted Exceptions will be marketed, advertised, promoted, or sampled on Campus, or otherwise in connection with the University, the Campus or the University Marks.
- (E) Beverage Purchase Requirement - University and its third party food and beverage concessionaires ("Concessionaires") will purchase from Bottler their entire requirement for Beverages on Campus except for certain juice brands, Odwalla products and other products which may be delivered directly by Company and/or its distribution partners. University and its Concessionaires will purchase all such Beverages at the initial prices listed in **Exhibit C** and then may be adjusted as outlined in **Exhibit C**.

7. EXCLUSIVE ASSOCIATION; NO COMPETITIVE BEVERAGES

- (i) Except as set forth with respect to Permitted Exceptions, no signage, advertising, or trademark visibility for any Competitive Products will be displayed or permitted anywhere on Campus. No Competitive Products will be associated, directly or indirectly, with University, the Campus, the University Teams, the University varsity athletic coaches, the University Athletic Director, or the University Marks, on or off-Campus, whether through advertising, promotions or otherwise. University will take all steps necessary or appropriate to stop third parties from associating Competitive Products with University.
- (ii) All Concessionaires with Beverage operations on Campus will comply with all applicable provisions of the Agreement, including purchasing their entire requirements for Beverages, cups, lids, and 20, 25 and 50 pound CO2 canisters from Sponsor and using Approved Cups. A biodegradable cup and lid option must be available after the first year of the contract at a market rate, or the University would have the right to purchase such from an alternate vendor.

Further Definition of Broadcasters Compliance

Broadcasters of University athletic events and publishers of University publications (including BSU Radio, Student Radio, Gene Harris Jazz Festival, Arbiter, various websites, etc.) will have the right to sell spot advertising time or space relating to Competitive Products and run or print such advertising during TV or radio broadcasts of University athletic events or in University publications; provided,

however, that University will use its best efforts to ensure that the University Marks will not be displayed or referred to during any such spot advertising for Competitive Products (e.g., the University Marks will not appear on screen or be mentioned on air while or at the same time any spot advertising for Competitive Products is being run).

The parties further agree that incidental references to or displays of University Marks which are necessary for the actual TV or radio broadcast of a University athletic event will not be a violation of this Agreement although such may occur at the same time a Competitive Product is mentioned or a trademark relating to a Competitive Product appears on screen or is mentioned on air (for example, mention of University's name during a half-time show sponsored by a Competitive Product, statements regarding the game score of an athletic event involving a University athletic team, and incidental references or displays of the Campus during the broadcast of an athletic event involving a University athletic team).

8. EQUIPMENT AND SERVICE

Post-mix Dispensing Equipment: Company will provide certain fountain Beverage dispensing equipment for use on Campus, and maintenance/repair service for such equipment, under the following terms and conditions:

Equipment and service will be provided to University's Concessionaire on terms separately negotiated by Company and the Concessionaire.

Vending Equipment: Bottler will provide certain Beverage vending and other cold-drink equipment (such a coolers) for use on Campus, and maintenance/repair service for such equipment. The initial placement will be 124 vending machines. Over the Term, the University agrees that Sponsors shall be permitted to maintain current student-to-vender (or other cold drink equipment) ratios. Placement of new machines or relocation of current machines will be mutually agreed upon between vendor and the University.

9. MARKETING, PROMOTIONAL AND ADVERTISING RIGHTS OF SPONSOR

- (A) Exclusive Rights. Sponsor will have exclusive marketing, advertising, and promotional rights in the Beverage category regarding University, the Campus, all intercollegiate athletic teams and University varsity athletic coaches associated with the University (the "University Teams"), and all Marks owned or controlled by University (the "University Marks").

Sponsor's rights shall apply to television, radio, print, signage, electronic and all other media, whether now or hereafter known.

(i) Use of Marks is subject to collegiate licensing agreement

- (B) Promotional Rights. Sponsor will have the right to market, advertise, and promote Company Beverages in association or connection with University, the Campus, the University Teams, and the University Marks.

University will have the right to approve in advance (i) the concept for any promotional activity with respect to University that will utilize the University Marks, and (ii) any items created by Sponsor that incorporate any of the University Marks. University will cooperate with Sponsor's activities, on and off-Campus, designed to promote Sponsor's sponsorship association with University, the Campus and the University Marks. University will not unreasonably withhold its approval of submissions by Sponsor under this Agreement. Withholding approval is considered unreasonable unless it is based on:

- (i) University's determination that University Marks have been used incorrectly in a technical sense (such as improper color or trademark nonconformity); or
- (ii) University's reasonable determination that Sponsor's proposed promotional activity or use of University Marks will reflect negatively on University.

For example, University agrees that it is unreasonable to withhold approval of a submission that includes the name or marks of one of Sponsor's customers solely because that customer is not also a sponsor of University or because that customer operates in a trade channel where University already has an exclusive sponsor.

University will have 10 business days from receipt to respond to any written submission by Sponsor. If University fails to respond within that time period, then Sponsor's submission will be deemed automatically approved by University.

Sponsor will have the right to use any previously approved Designations without having to again seek University's approval.

Sponsor agrees to purchase promotional materials through University-owned outlet

- (C) License. Sponsor will have a license to use the University Marks, subject to collegiate licensing rules on a royalty-free basis, for the purposes of marketing, advertising, or promoting Company Beverages. Such license gives Sponsor the right to use the University Marks in or on all of Sponsor's advertising, promotional and packaging materials and activities, which include, for all purposes of this Agreement, advertising, promotional and merchandising materials including:

- point-of-sale materials and vender fronts;
- cups, vessels, cans, bottles, commemorative cans or bottles, can/bottle wraps and all other forms of packaging;
- broadcast, print, electronic and all other forms of media.

(D) Retail Customers. Sponsor will have the right to undertake promotions regarding Company Beverages at or in connection with University, including joint promotions with Sponsor's retail customers in all channels of trade including without limitation

- Grocery and retail;
- Convenience and "oil and gas" retailers;
- Mass merchandise;
- Drug retailers;
- Quick serve and all other types of restaurants (including home-delivered pizza);
- Institutional and "at-work" foodservice operations;
- Video and music retailers;
- Movie theaters and indoor entertainment venues;
- Theme parks and outdoor attractions;
- and sports venues,

and to use the University Marks for such purposes, including use with customers' Marks, provided no customers' Marks are used in such as way as to imply a sponsorship relationship with University (unless one exists). Sponsor's right to conduct Beverage promotions with retail customers takes priority over any exclusive marketing rights held by other University sponsors in the same retail channels (but only as to Beverage promotions).

(E) Sponsorship Designations. Sponsor will have the right to refer to Sponsor or Company Beverages in any marketing, advertising, or promotional activity or material as a "sponsor of" or the "official" or "exclusive" Beverage of University, the Campus, or the University Teams in accordance with the Designation rights granted hereunder.

(F) Sampling and Surveying. Sponsor will have the right to sample and survey persons on Campus regarding Company Beverages or for other Beverage-related purposes.

(G) Approved Cups. All Beverages subject to this agreement sold, distributed, or served on Campus in disposable vessels will be served in Company approved cups bearing Company trademarks or Company and University trademarks on 100% of the exterior cup surface ("Approved Cups"). All collectible non-disposable cups will bear Company or Company and University trademarks on a mutually-agreed portion of the exterior cup surface. A biodegradable cup and lid option must be available after the

first year of the contract at a market rate, or the University would have the right to purchase such from an alternate vendor. Biodegradable cups purchased from an alternate vendor would include Company trademarks at the University's option.

- (H) Point of Sale Materials. Company Marks will be prominently displayed on all menu boards and all dispensing equipment at all foodservice/concession locations, and on all Beverage vending machines on Campus except as excluded in section 6.B permitted exceptions. Point-of-sale materials depicting Company Beverages, including translites and pictorials on dispensing equipment, will be clearly visible to the purchasing public at all foodservice and concession locations on Campus.
- (I) Sideline Rights. University will use cups, coolers and equipment featuring POWERade® brand trademarks -- or if requested by Company, trademarks for any other Company Beverage -- on sidelines and players' benches, and in locker rooms for all intercollegiate athletic events on Campus. Company may also make such Company Beverage available for consumption by players, coaches and staff on the sidelines, player's benches, and in locker rooms.
- (J) Hawking. University will sell Beverages using Company-trademarked materials, such as hawking trays, kiosks, themed mobile/push carts and themed umbrellas, if and to the extent provided by Sponsor. Company Beverages will be hawked in the stands at events when appropriate. This decision is made by the University and is generally based on attendance and anticipated sales.
- (K) Premiums. Sponsor may create merchandise and promotional premiums bearing Marks of Company Beverages together with any of the University Marks. Sponsor will not pay any royalties to University for this merchandise and promotional premiums, so long as it is distributed on-campus free of additional charge in connection with Company Beverages or sold at a subsidized price. All other merchandise and promotional premiums will be subject to royalty rates and other terms in accordance with the University's collegiate licensing rules. University agrees that royalties will not apply in any circumstances to any of the following used on campus that bear University Marks: cups; vessels; cans, bottles, commemorative cans or bottles, can/bottle wraps and all other forms of packaging; vender fronts; and advertising or promotional materials.
- (L) Internet Advertising. University will acknowledge Sponsor's sponsorship and Company Beverage availability on its Athletics Internet home page. If University places hyperlinks on its Athletics Internet home page, Company may place a hyperlink command on that home page to Company's home page at <http://www.cocacola.com/> or other Company-designated website.

Company may also develop a special page advertising Company Beverages on University's Athletics internet site.

- (M) Digital Content. University will provide Sponsor with digital content, which may include video highlights of University events, audio content of University theme songs, screensavers, etc. for Sponsor to replicate and use as promotional premiums, including for use as rewards on Sponsor's "My Coke Rewards" loyalty program. University will clear any rights that may be required for such use, and will refresh the digital offerings periodically.
- (N) Coaches. University will make its athletic coaches available for charitable and promotional events mutually agreed upon by University and Sponsor.

10. SIGNAGE AND MEDIA / ADVERTISING

Throughout the Term, University will provide Sponsor, at no cost to Sponsor, the following signage and media/advertising rights, tickets and other inventory described in **Exhibit D**.

EXHIBIT A

DEFINITIONS

Certain capitalized words or phrases are used throughout this document. Such words or phrases have the following meanings:

1. "Agreement Year" means each twelve-month period during the Term commencing on July 1st and ending on June 30th.
2. "Beverages" means carbonated and non-carbonated, non-alcoholic, natural or artificially flavored drinks, including but not limited to, non-alcoholic drinks with nutritive or non-nutritive sweeteners, flavored and/or sweetened mineral water, bottled water packaged for individual consumption, natural or artificially flavored fruit juices, fruit and/or juice-containing drinks and flavored drinks, packaged tea and coffee drinks, isotonic drinks and energy drinks.
3. "Broadcaster" means any person or entity that for any business purpose broadcasts, distributes, prints, syndicates, televises, or publishes by any means (including electronically via the Internet) any photograph, film, videotape, or other recording or rendering of all or part of the Campus, any University Team game, or any other Campus event. "Broadcast" has a corresponding meaning.
4. "Campus" means the acres of the campuses in Ada County and Canyon County (excluding property transferred to the College of Western Idaho) and other acreage that the University may own or operate, including but not limited to any and all athletic facilities, business offices, student facilities including residence halls, classrooms, restaurants, concession stands, snack bars, bookstores, and dining halls unless specifically excluded in this Agreement. "Campus" includes any and all other buildings or facilities which currently comprise the campuses of Boise State University or which may be acquired, or constructed during the Term, and which are operated by or directly in conjunction with the University or over which University has management control.
5. "Company Beverages" means Beverages manufactured, distributed, marketed or sold under trademarks or brand names owned or controlled by or licensed for use to Company
6. "Competitive Products" means all Beverages that are not Company Beverages, and any products, whether or not Beverages, marketed under Beverage trademarks that are not Company Marks (e.g., "Gatorade Energy Bars").
7. "Designations" means (1) "Official Soft Drink [or Juice, Tea, Sports Drink, etc.] of Boise State University (2) "Official Soft Drink [or Juice, Tea, Sports Drink, etc.] of Broncos," and (3) "Official" or "Proud" Sponsor of the Boise State Broncos.
8. "Mark" means, with respect to any party, any trademark, trade name, service mark, design, logo, slogan, symbol, mascot, character, identification, or other proprietary design now or in the future owned, licensed, or otherwise controlled by that party.

Examples of University Marks include the Designations; the University's name, logo and emblems; the Teams' names, uniforms, logos and emblems.

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Exhibit B

Beverage Vending Commissions (for full service vending only)

Package:	<u>Vend Rate</u>	<u>Commission %:</u>
<u>Years 1-3:</u>		
12 oz cans	\$.75	30%
20 oz bottles (CSD & Dasani)	\$1.25	55%
20oz Vitamin Water & Powerade, 450ml MM	\$1.50	30%
Energy (16 oz)	\$2.00	30%
<u>Years 4-7</u>		
12 oz cans	\$1.00	30%
20 oz bottles (CSD & Dasani)	\$1.50	55%
20oz Vitamin Water & Powerade, 450ml MM	\$1.75	30%
Energy (16 oz)	\$2.25	30%
<u>Years 8-10</u>		
12 oz cans	\$1.00	30%
20 oz bottles (CSD & Dasani)	\$1.60	55%
20oz Vitamin Water & Powerade, 450ml MM	\$2.00	30%
Energy (16 oz)	\$2.50	30%

Commissions will be paid based on cash collected net of sales tax, recycling deposits or fees, debit card charges, shortages, and any state-mandated deposit fees or other charges where applicable. Commissions shall only be paid on sales from vending machines filled and serviced by Bottler.

Bottler agrees to pay University an annual guaranteed vending commission of **\$135,000 in years one (1) and two (2), and will increase the Guaranteed Commission by 3% each year starting in year three (3)**. Commission will be paid monthly as earned on all bottle/can Company Beverages (excluding Odwalla) sold through Bottler's full service vending machines on Campus, computed and payable in accordance with the terms set forth in Exhibit B. If the full amount of the Guaranteed Commission has not been earned at the end of any Agreement Year, Bottler will pay the remaining portion of the Guaranteed Commission to University no later than twenty (20) days after the end of the applicable Agreement Year. Commissions will be paid based on cash collected, net of

sales tax, recycling fees, debit card charges (if applicable), shortages, and any state-mandated deposit fees or other charges. Commissions shall only be paid on sales from vending machines filled and serviced by Bottler. Bottler reserves the right to adjust vend prices at any time in its discretion.

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Exhibit C

Product Pricing

PRICE RESPONSE SHEET

Bottle and Can Pricing:

Product Category	Unit Size / Style	Variety	Unit Price	Commission %
Bottle / Can Product Pricing - Year 1				
12 oz cans	24 cans per case	Assorted	\$10.28 per case	N/A (retail)
Fridgepack cans	24 cans per case	Assorted	\$10.28 per case	N/A (retail)
8 oz cans	24 cans per case	Coke, Dt. Coke, Sprite	\$10.28 per case	N/A (retail)
2 Liter SSD	8 bottles per case	Assorted	\$10.48 per case	N/A (retail)
Minute Maid Juice. .450 ml.	24 bottles per case	Assorted	\$22.32 per case	N/A (retail)
Campbell's V-8 12 oz bottles	12 bottles per case	Vegetable, Spicy	\$15.00 per case	N/A (retail)
V-8 Fusion 12 oz bottles	12 bottles per case	Strawberry Banana, Pomegranate	\$15.00 per case	N/A (retail)
V-8 Splash 16 oz bottles	12 bottles per case	Tropical Blend, Berry Blend, Strawberry Kiwi	\$15.00 per case	N/A (retail)
Godiva Iced Coffee 9.5 oz bottle	12 bottles per case	French Vanilla, Milk Chocolate, Dark Chocolate	14.94 per case	N/A (retail)
20 oz SSD	24 bottles per case	Assorted	\$17.76 per case	N/A (retail)
1 Liter SSD	12 bottles per case	Assorted	\$13.44 per case	N/A (retail)
20 oz Dasani Water	24 bottles per case	N/A	\$12.00 per case	N/A (retail)

1 liter Dasani Water	12 bottles per case	N/A	\$9.84 per case	N/A (retail)
20 oz Dasani Plus	12 bottles per case	Assorted	\$9.43 per case	N/A (retail)
12 oz Dasani Water	24 bottles per case	N/A	\$10.00 per case	N/A (retail)
500 ml Evian Water	24 bottles per case	N/A	\$24.00 per case	N/A (retail)
1 Liter Evian Water	12 bottles per case	N/A	\$20.28 per case	N/A (retail)
18 oz Fuze	12 bottles per case	Assorted	\$14.50 per case	N/A (retail)
20 oz Powerade	24 bottles per case	Assorted	\$18.24 per case	N/A (retail)
32 oz Powerade	15 bottles per case	Assorted	\$14.25 per case	N/A (retail)
2 gal Powerade powder mix	8 cans per case	Assorted	\$30.00 per case	N/A (retail)
20 oz Glaceau Vitamin Water	24 bottles per case	Assorted	\$24.00 per case	N/A (retail)
32 oz Glaceau Vitamin Water	12 bottles per case	Assorted	\$21.00 per case	N/A (retail)
20 oz Glaceau Smartwater	24 Bottles per case	N/A	\$21.36 per case	N/A (retail)
1 liter Glaceau Smartwater	12 bottles per case	N/A	\$14.52 per case	N/A (retail)
16 oz Glaceau Vitamin Energy	12 cans per case	Assorted	\$17.00 per case	N/A (retail)
16 oz Full Throttle Energy	24 cans per case	Assorted	\$34.00 per case	N/A (retail)
24 oz Full Throttle Energy	12 cans per case	Full Throttle, Full Throttle Blue Demon	\$24.00 per case	N/A (retail)
16 oz Nos	24 cans per case	N/A	\$34.00 per case	N/A (retail)

Energy				
22 oz. Nos Energy	12 bottles per case	N/A	\$24.00 per case	N/A (retail)
16.9 oz Gold Peak Tea	12 bottles per case	Assorted	\$12.64 per case	N/A (retail)
12 oz Enviga	12 cans per case	Assorted	\$13.10 per case	N/A (retail)
Ancillary Product Pricing - Year 1				
Premix Tanks	5 gallon Tank	Assorted	\$21.00/ tank	N/A (retail)
16 oz cups	(1,000) 16 oz cups per case	N/A	\$41.44 per case	N/A (retail)
21 oz cups	(1,000) 21 oz cups per case	N/A	\$46.03 per case	N/A (retail)
24 oz cups	(1,000) 24 oz cups per case	N/A	\$54.43 per case	N/A (retail)
32 oz cups	(480) 32 oz cups per case	N/A	\$35.62 per case	N/A (retail)
44 oz cups	(480) 44 oz cups per case	N/A	\$46.37 per case	N/A (retail)
16/21/24 oz lids	(2,000) lids per case	N/A	\$29.34 per case	N/A (retail)
32 oz lids	(960) 32 oz lids per case	N/A	\$22.18 per case	N/A (retail)
44 oz lids	(960) 44 oz lids per case	N/A	\$27.44 per case	N/A (retail)
10 inch Wrapped Straws	(6,000) straws per case	N/A	\$50.96 per case	N/A (retail)
32 oz lids	(960) 32 oz lids per case	N/A	\$22.18 per case	N/A (retail)
44 oz lids	(960) 44 oz lids per case	N/A	\$27.44 per case	N/A (retail)
10 inch Wrapped Straws	(6,000) straws per case	N/A	\$50.96 per case	N/A (retail)
20 lb. CO2	1 tank	N/A	\$15.75 per tank	N/A (retail)

35 lb. CO2	1 tank	N/A	\$22.00 per tank	N/A (retail)
*All Bottle/Can and Ancillary prices will be adjusted on an annual basis at a rate of four percent (4%) above the previous year's price. Price increases will be effective in July of each Agreement year.				

Vending Commission and Vend Rates - Year 1-3				
Product Category	Unit Size / Style	Variety	Unit Price	Commission %
Full Service 12 oz SSD	24 cans per case	Assorted	.75 cent vend price	30% commission
Full Service 20 oz SSD	24 bottles per case	Assorted	\$1.25 vend price	55% commission
Full Service 20 oz Dasani	24 bottles per case	N/A	\$1.25 vend price	55% commission
Full Service 16 oz Energy	24 cans per case	Assorted	\$2.00 vend price	30% commission
Full Service 20 oz Powerade	24 bottles per case	Assorted	\$1.50 vend price	30% commission
Full Service 20 oz Vitamin Water	24 bottles per case	Assorted	\$1.50 vend price	30% commission
Full Service .450ml. Minute Maid Juice	24 bottles per case	Assorted	\$1.50 Vend Price	30% commission
*Vend rates will increase in Year 4 and Year 8 as noted in Exhibit B of the Term Sheet. Commission rates will remain constant through out the term of the agreement.				

Foodservice and Odwalla Pricing:

DRAFT

Agreement Year One Pricing

Product Category	Unit Size / Style	Variety	Unit Price
Fountain Beverages	5.0 Gallon	Coca-Cola classic	\$ 51.20
		diet Coke	\$ 51.20
		Sprite	\$ 51.20
		Pibb Xtra	\$ 51.20
		Fanta Orange	\$ 51.20
		Barq's Rootbeer	\$ 51.20
	2.5 Gallon	Coca-Cola Zero	\$ 26.65
		diet Coke w/ Lime	\$ 26.65
		CF diet Coke	\$ 26.65
		Cherry Coke	\$ 26.65
		diet Sprite	\$ 26.65
		Fresca	\$ 26.65
		Fanta Orange	\$ 26.65
		Minute Maid Lite Lemonade	\$ 27.70
		Minute Maid Lemonade	\$ 26.65
		Pibb Xtra	\$ 26.65
		Vault	\$ 26.65
		Hi-C Fruit Punch	\$ 26.65
		Hi-C Pink Lemonade	\$ 26.65
		Nestea Raspberry	\$ 26.65
		Nestea Unsweet	\$ 26.65
		Fruit Punch POWERade	\$ 26.65
		Lemon Lime POWERade	\$ 26.65
		Mountain Blast POWERade	\$ 26.65
		Minute Maid Orchard's Best Apple Juice	National Aramark Pricing
		Minute Maid Orchard's Best Orange Juice	National Aramark Pricing
		Minute Maid Orchard's Best Cranberry	National Aramark Pricing
		Minute Maid Orchard's Best Kiwi	National Aramark Pricing
Odwalla PURE JUICE		PURE JUICE	
	325 ml	Pure Squeezed Orange	\$ 1.25
	450 ml		\$ 1.65
	half gallon		\$ 4.70
	gallon		\$ 6.60
	half gallon	Pure Squeezed Grapefruit	\$ 3.60
	325 ml	Pure Pressed Apple	\$ 1.05
	half gallon		\$ 3.60
	450 ml	Pure Pressed Carrot	\$ 1.48
	half gallon		\$ 3.60
	325 ml	Pure Squeezed Tangerine	\$ 1.05
	450 ml	(seasonal)	\$ 1.48
	half gallon		\$ 3.60
Odwalla QUENCHERS		QUENCHERS	
	450 ml	Pure Squeezed Lemonade	\$ 1.48
	half gallon		\$ 2.57
	450 ml	Summertime Lime	\$ 1.48
	half gallon	(seasonal)	\$ 2.57
	450 ml	Strawberry Lemonade	\$ 1.48
		(seasonal)	
Odwalla SUPER QUENCHERS		SUPER QUENCHERS	
	450ml	AntioxDance™	\$ 1.48
	450ml	B Berrier™	\$ 1.48
	450ml	PomaGrand Pomegranate Lemonade	\$ 1.85
	half gallon		\$ 4.30
	450ml	PomaGrand Pomegranate Limeade	\$ 1.85
	half gallon		\$ 4.30
Odwalla SMOOTHIES		SMOOTHIES	
	450 ml	Blackberry Fruitshake	\$ 1.85
	325 ml	Strawberry Banana	\$ 1.29
	450 ml		\$ 1.85
	325 ml	Mango Tango®	\$ 1.29
	450 ml		\$ 1.85
	half gallon		\$ 4.93
	325 ml	C Monster®	\$ 1.29
	450 ml		\$ 1.85
	450 ml	Strawberry C Monster®	\$ 1.85
	450 ml	Blueberry B Monster®	\$ 1.85
	half gallon		\$ 4.93
Odwalla NUTRITIONALS		NUTRITIONALS	
	325 ml	Superfood™	\$ 1.29
	450 ml		\$ 1.85
	half gallon		\$ 4.93
	450 ml	Wellness	\$ 1.85
		(seasonal)	
	450 ml	Mo' Beta®	\$ 1.85
	450 ml	Berries Go Mega	\$ 1.85
	325 ml	Super Protein™	\$ 1.29
	450 ml		\$ 1.85
	450 ml	Chocolate Super Protein®	\$ 1.85
	450 ml	Vanilla Al'Mondo Super Protein	\$ 1.85
	half gallon		\$ 4.93
	450 ml	Pumpkin Super Protein™	\$ 1.85
	half gallon		\$ 4.93
		(seasonal)	
	450 ml	Super Protein Green Tea	\$ 1.85
	450 ml	Soy Smart Chocolate Mint	\$ 1.85
	half gallon		\$ 4.93
		(seasonal)	
	450 ml	Soy Smart Chai	\$ 1.85
	450 ml	Serious Energy	\$ 1.85
	450 ml	Serious Focus	\$ 1.85
Odwalla POMAGRAN		POMAGRAN	
	450 ml	Pomegranate Juice	\$ 2.50
	half gallon		\$ 7.89
	450 ml	Pomegranate Berry	\$ 2.50
BOSSA NOVA		BOSSA NOVA	
	10oz	Original Acai	\$ 1.85
	10oz	Mango Acai	\$ 1.85
	10oz	Passionfruit Acai	\$ 1.85
	10oz	Blueberry Acai	\$ 1.85
	10oz	Raspberry Acai	\$ 1.85
Simply		Simply	
	13.5oz	Simply Orange Original	\$ 1.09
	13.5oz	Simply Orange Calcium	\$ 1.09
	13.5oz	Simply Lemonade	\$ 1.09
	13.5oz	Simply Limeade	\$ 1.09

Fountain Products:

Annual Price Increase

Price increases for national account pricing become effective January 1st of each calendar year. Any sub-contractors will receive national account pricing in accordance with their respective agreements with Company. Post Mix pricing and increases will be consistent with current Concessionaire's national contract.

Price increases for canned and bottled product to be proposed by November 15th for the first Monday following the end of spring semester.

Odwalla Products:

Annual Price Increase

Odwalla pricing and increases subject to current Concessionaire's national contract.

Price increases for canned and bottled product to be proposed by November 15th for the first Monday following the end of spring semester.

Exhibit D**Tickets / Hospitality / Media**

University will provide the following benefits as one of the Big 4 Athletic Sponsors as part of the beverage services contract at no additional cost to Sponsor:

Bronco Stadium:

Stadium Interior

- One 12' x 14' back-lit static ad panel on Bronco Vision Video Board
- One 3' x 8' back-lit ad panel on south auxiliary scoreboard
- One 3' x 18' Sideline Signature for all Football home games on the East sideline

Stadium Exterior

- One front lit 7' x 24' on Stadium facing Broadway Avenue

Taco Bell Arena

Taco Bell Arena Interior

- One 2 x 8 foot back-lit ad panel on Bronco Vision Video Board
- One 2 x 4 foot back-lit ad panel on Bronco Vision Video Board
- One 3 x 9 foot back-lit panel behind each basket next to game scoring mechanism behind north basket
- One 2 x 2 foot back-lit ad panel located to scoring mechanism behind north basket
- Three 3 x 9 back-lit rotator ad panel on each side of the basketball floor
- One 3 x 9 foot back-lit panel on each side of the basketball floor

Taco Bell Arena Exterior

- 13' x 25' electronic message board with back-lit presence of Big 4 Bronco Logo
- Business Logo and Electronic Messages on Taco Bell Arena Exterior Reader Board

Bronco Vision

Bronco Vision Video Board

- Replay sponsor during all FB/BB home games (Company logo leads into each Bronco Vision replay for one quarter **each FB/BB** home game).
- One 30 second promotional spot per home football and basketball game
- One In-Game Promotional Feature per home football and basketball game (i.e. – “(Vendor) Caught Red Handed”)
- One In-Game Partner Thank-You by Head Football and Basketball Coach (shown at least once per home game)

Additional Venue Signage

Bronco Venues

- Boas Soccer Complex (3 x 9 foot static ad panel on score board with Company Logo)
- Jackson’s Indoor Track (4.5 x 5 foot static ad panel on score board with Big 4 Logo)

Radio & Television

- One :15 commercial spot during broadcast of all Football and Basketball games (KIDO Radio)
- One Special Coaches Thank-You during all Football and Men’s Basketball broadcasts (45 total broadcasts)
- Rotating Tag Lines as corporate partner on Boise State Athletics promotional airtime.

Television (KTVB Media Group) Boise, Twin Falls and Spokane

- One 30-second promotional spot during each live or replayed Bronco football and basketball telecast by the KTVB Media Group (Minimum of 90 total broadcasts);
- Rotating spots on KTVB and KTVB 2 from September to March (minimum of 25 spots on KTVB during Prime Time and minimum of 300 spots on KTVB 2); and

Boise State Radio

- 50 underwriting spots as Corporate Partner of Bronco Athletics per year on Boise State Radio Network (4 stations total reaching from McCall to Sun Valley)

Print Advertising

Game Program Advertising

- One full page color ad in all football and basketball game programs

Outdoor Advertising

- Bottom 1/3 of two (2) 14’ x 48’ billboard per Football and Men’s Basketball Season (August- March)

Big 4 Bronco Logo present on all of the following:

1. Schedule Cards (150,000);
2. Game Programs Covers (110,000);

3. Media Guides (10,000);
4. Team Posters (20,000);
5. BAA Membership Magazine (14,000);
6. Season Ticket Stock (175,000);
7. Season Ticket Mailers (10,000);
8. Summer Sports Camp Brochures (50,000); and

Internet (Broncosports.com)

1. Company logo with direct link to Company Home Page
2. Available promotional opportunities on Web Page to be determined
3. Company banner advertisement on Bronco Vision Video Player

Athletic Department Mailings

Football and Basketball Season Ticket Mailings

- Inclusion in all season ticket mailing done by Boise State Athletics (materials provided by Partner)

Corporate Hospitality and Entertainment

Motivational Speakers/Promotional Rights

- Use of a Boise State coaching staff or administrative staff member to speak to your employees (based on availability and agreed upon by chosen head coach) and/or customers for 60 minutes per year, and ability to purchase additional speaking engagements at an agreed upon rate
- Use of a Boise State coaching staff member, staff member, cheerleaders, mascot or marching band for a promotional commercial shoot per year

Team Travel

- Two spots on team charter to an away football game to be determined by Boise State

Corporate Hospitality Sponsorship

- Game Day sponsor of Corporate Tailgate Area with banner placement in area.
- Partner to receive 100 admission passes to Corporate Hospitality area
- Partner to provide soft drinks and water for each home game for up to 300 guests

Passes

- Two sideline passes to all Bronco home football games
- Four BAA parking passes to all athletic events throughout the season (passes are reserved parking for football)

- Two VIP reserved spots through club seat program for football

Game Sponsorship

- Title sponsor for one home football game and basketball game during each season
- Company banner above each stadium / arena entrance
- Individual logo on game programs and tickets for selected game
- All TV, Radio, and Print advertising surrounding your game . . . “Brought to you by . . .”
- 50 additional tickets for company use for sponsored game

Season Tickets

- 12 total VIP season tickets to all BSU Athletic Events
- Four Club Seats in new addition to Bronco Stadium
- 100 Football Season Tickets in Section 129
- 100 Football Season Tickets in North End Zone
- 6 Bronco Athletic Association Memberships Tied To Season Tickets (Parking passes listed above)

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Executive Summary of Proposal

Section 8.1



Executive Summary of Proposal



To demonstrate to Boise State University students, administration and staff that *only Coca-Cola* is best positioned to be your **continued** long-term beverage partner, by developing a total beverage program that meets the unique needs of the University and its students and results in a win-win solution for all stakeholders.



Executive Summary of Proposal



The intent of our proposal is to demonstrate that Coca-Cola is your best continued beverage partner for Boise State University. To accomplish this, our proposal will address questions that are important to consider as you choose a beverage partner.



Does our partner have the operational expertise and capabilities to maximize beverage revenue?

To maximize beverage sales, products have to be available to students when and where they want them and in packages they prefer. Coca-Cola is a *beverage only* company. This focus means we make a significant investment developing packaging and beverage technology. Partnerships are only as strong as the people responsible for them. The Coca-Cola account team is led by individuals who have significant experience in the beverage industry. Our account team knows the beverage business and is passionate about strengthening our partnership through innovative ideas and outstanding service.

The Coca-Cola system has the capabilities to provide the best operational expertise to Boise State University



Does our partner have a solid business plan specific to the needs of Boise State University that will build beverage revenue?

Brands, operational expertise and people must be fully utilized through a strategic business plan. Coca-Cola has developed a business plan that will address Boise State University needs in Dining, Retail and Vending. Compare our plan to our competitor's. We think you will agree that Coca-Cola has the best business plan for Boise State University



Executive Summary of Proposal

Does our partner have the brands that will meet our students' needs ?

Students drink a wide variety of beverage products. Selecting a beverage partner with the best portfolio of brands will satisfy student demand and maximize beverage revenue. Coca-Cola brands represent five of the top ten brands in the United States (Pepsi has 4, Cadbury-Schweppes has 1). Our brands are leaders on college campuses, being purchased by more students more often than the brands of our competitors. Coca-Cola also has a wide variety of brands, offering students choice in sparkling beverages, 100% juices, sports drinks, fruit drinks, frozen brands, energy drinks, natural health beverages, teas and water.

Coca-Cola brands will provide the best beverage portfolio for Boise State University .

Are we partnering with the leading company in the industry?

Boise State University has ambitious goals and objectives. To achieve these, Boise State University needs strong partners. With the best known brands in the world and a beverage business three times larger than our nearest competitor, Coca-Cola Company is the world's beverage leader. As the fourth largest bottler in the United States, Swire Coca-Cola, USA was named the 2007 Bottler of the Year by Beverage Industry Magazine. See attached.

Coca-Cola is the leader in the industry and the best partner for Boise State University.

Is this company committed to education and to Boise State University ?

Education is the primary philanthropy of The Coca-Cola Company. The Coca-Cola Foundation pledged more than \$155 million in support of education during the past decade. Through the Coca-Cola Foundation and Coca-Cola Scholars, we have made significant contributions to education.

Coca-Cola is committed to education.



Executive Summary of Proposal

TOTAL VALUE TO BOISE STATE UNIVERSITY											
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	TOTAL
Athletic Sponsorship	175,000	175,000	180,250	185,658	191,227	196,964	202,873	208,959	215,228	221,685	\$ 1,952,844
Student Affairs	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	\$ 500,000
Estimated Vending Commissions	135,728	135,728	139,050	162,738	162,738	162,738	162,738	174,539	174,539	174,539	\$ 1,585,075
Marketing Activation	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	\$ 100,000
Recycling Fund	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	\$ 150,000
Jazz Festival Sponsorship	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	\$ 80,000
In Kind Product Support	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	\$ 70,000
Credit Card Readers	50,000										\$ 50,000
Campus Manager "Value to University"	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	\$ 300,000
TOTAL	480,728	480,728	485,300	491,356	473,365	476,702	485,611	501,499	505,787	518,234	\$ 4,787,919

Athletic and Student Affairs Sponsorship:

Sponsorship Fees will be paid within 30 days after July 1st each Agreement Year; provided however, the payment of Sponsorship Fees for Agreement Year One shall not be due and payable until 30 days after the date of signature of this Agreement by all parties.

Vending Commissions:

Estimated commissions are based on the vending plan, commission are based on cash collected less any tax and credit/debit fees if applicable. Guaranteed commission of \$135,000 per year beginning in year 1, with a 3.0% increase beginning in year 3 – 10.

Marketing Activation:

All funds made available must be spent within the Agreement Year for which they are budgeted. Amount will be held in a fund managed by Coca-Cola for use toward marketing programs designed to promote and increase beverage sales on campus and through Athletics. The fund will be used to activate marketing programs designed to enhance the student experience via campus events and activities.

Recycling Fund:

Sponsor agrees to pay University to support University's recycling efforts, including University's expenditures for the purchase of capital equipment and administrative support

Festival Sponsorship:

Sponsor will budget \$8,000 to support the Gene Harris Jazz Festival or another mutually agreed upon campus-wide program

In Kind Product Support:

Coca-Cola will spend a maximum of \$7,000 per Year to support sampling for the University. All funds made available must be spent within the Agreement Year for which they are budgeted

Card Readers:

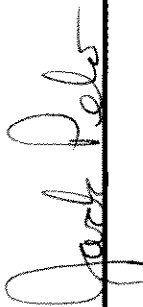
Bottler will spend a total of \$50,000 for the purchase of card readers for approximately 75 Sponsor-placed vending machines on campus over the term of the Agreement

Campus Manager: Value to University of \$30,000 per year



Executive Summary of Proposal

Coca-Cola understands the financial demands and challenges of Boise State University and wants to support the University's key priorities with financial support. Coca-Cola will demonstrate its financial commitment to Boise State University.



Jack Pelo

Swire Coca-Cola, USA

President Chief Executive Officer

5/9/08

Date



BOISE STATE UNIVERSITY

SUBJECT

Banking services agreement with Wells Fargo Bank

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.I.6.b

BACKGROUND / DISCUSSION

Boise State University requires professional and innovative banking services that integrate a structure of internal controls with daily operations and establish a secure environment to safeguard the assets of the University. The University's six-year contract with its current banking services provider expired in February. The University is currently operating under a month-to-month arrangement with that provider and will continue to do so through conversion. The University has completed an evaluation of proposals to provide a variety of banking services including:

Transaction Services:

- merchant services
- depository services
- checking accounts with various characteristics
- wire and ACH capabilities

Other Services:

- web reporting and data management
- web processing
- pre-loaded debit card services
- check cashing services for personnel

Merchant services represent a key component of the contract due to the risk associated with credit card processing. As such, it represents approximately 97% of the cost before interest credits. Merchant services charges are heavily controlled by Bankcard Associations and generally charges are set by those Associations. The University required a partner who was Payment Card Industry (PCI) standard certified and compliant.

Web reporting and data management is another important service utilized by the University. The efficiency of treasury operations is directly linked to the sophistication of the reporting tools offered by our bank. Wells Fargo offers robust reporting tools through its Commercial Electronic Office (CEO) portal homepage.

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

Costs for the services are offset by interest on balances swept by Wells Fargo from multiple accounts and invested overnight.

Based on the size, complexity and technical requirements of the University's banking services partner, proposals were received from five nationally known and respected institutions. The differentiating characteristics between these proposals were primarily in the areas of sophistication of web-based tools, local customer service and price.

IMPACT

The cost of this contract is estimated to be \$2,897,500 during the initial five-year term. The contract has the option of five additional one-year extensions. A summary of annual costs follows:

Checking/Deposit Services	\$ 17,000
Merchant Credit Card Services	786,500
Reporting Services	<u>4,000</u>
Subtotal before credits	\$ 807,500
Interest Earnings / Credit	<u>(228,000)</u>
Net Annual Cost	<u>\$ 579,500</u>

ATTACHMENTS

Attachment 1 – RFP and Vendor Response

Page 3

STAFF COMMENTS AND RECOMMENDATIONS

Boise State University has been with US Bank for five years and with Wells Fargo prior to that.

Staff recommends approval.

BOARD ACTION

Motion to delegate authority to the Executive Director of the Board to approve a banking services agreement between Boise State University and Wells Fargo upon review of a final agreement, consistent with the terms herein.

Moved by _____ Seconded by _____ Carried Yes _____ No _____



**Boise State University
Request for Banking Services**

Friday, April 4, 2008

Submitted by:



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Developing Relationships. Providing Solutions.

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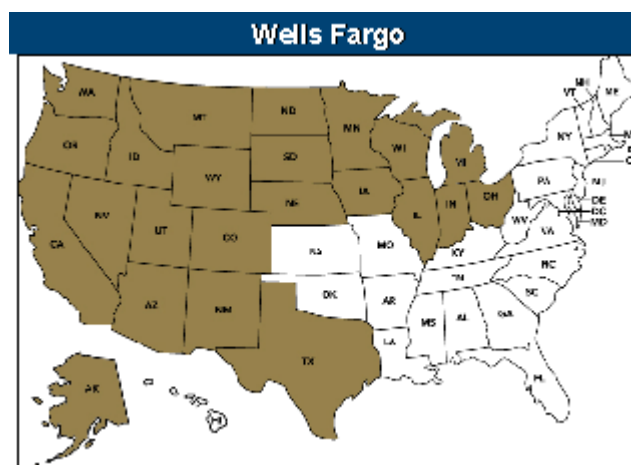
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Executive Summary

Introduction

Wells Fargo Bank is pleased to have the opportunity to present this proposal for Boise State University's banking services. We are confident we can add value to your transactions, workflows and information management activities with our state-of-the-art products and services. As an experienced provider of comprehensive treasury services to several Universities today, Wells Fargo is committed to applying this same level of commitment to Boise State University and to present for consideration what it observes to be best practices and additional Treasury Management solutions as challenges and needs arise.

Wells Fargo Bank is ideally positioned, providing your faculty members, employees, and especially students and families access to banking services throughout our 23 state footprint and network ATMs worldwide.



Wells Fargo Bank has demonstrated significant and on-going commitment to developing leading-edge treasury management technology. Boise State University's decision makers and clerical staff can be empowered anywhere within the global reach of the internet through the bank's *Commercial Electronic Office (CEO)* platform to securely view, originate and act upon transactional flows in the most effective, technologically-secure environment available.

Through the *CEO* portal, you will have access not only to all the Treasury Management services, but much more, including other cash management services such as Check Image Retrieval, Internet ACH, Account Reconciliation, and Image Positive Pay – plus, other services such as



merchant, investment and brokerage, international/foreign exchange, trust, credit and loan, and purchasing services.

Similarly, accounting applications, which ideally process routine transactions in an automated fashion, can interact with the bank's automated Electronic Data Interchange (EDI) platforms in current standard protocols, custom file formats and emerging protocols such as XML today. The bank is positioned to assist you in developing electronic commerce methods with your highest volume trading partners to lower per-transaction cost, relieve float and reduce exceptions.

The Wells Fargo Advantage

Below we have listed a few reasons why we believe Wells Fargo merits consideration as your primary Treasury Management bank:

- We are a strong, full service financial institution with a commitment to customer service. We have a long track record of successful implementations and can provide all requested services.
- When you change banks, you have the opportunity to review and potentially improve your current way of doing things. Wells Fargo will work with you to review all aspects of your banking services and together we'll develop a plan to take advantage of greater efficiencies and cost effectiveness where identified.
- We will always place your interests first, seeking to make the University more successful. One of the most strategic departments within Wells Fargo Treasury Management is our Technical Consulting Group, which is staffed to offer objective consulting services for our clients.
- Internet access to all of your financial services is available through one award-winning portal. State of the art security protocols to protect the integrity of electronic data.
- A customized approach to customer training that includes on-site training, instructor led programs via the Internet, on-line tutorials, customer educational conferences and on-going support through your dedicated Client Services Consultant.
- Wells Fargo Bank has served the financial needs of higher education for over 150 years. As reflected by the references we have provided in Section 5.3, we have relationships with many higher education institutions. You can be confident that Wells Fargo Bank has the ability and the expertise to serve the unique needs of higher education.
- We are the third largest **ACH** originator (#1 in ACH credits and #3 in ACH debits) and the first Canadian ACH Gateway Operator, boasting a



4th generation system and extended file delivery deadlines. We have extensive **EDI** expertise and a continually expanding customer base.

- The Wells Fargo philosophy for quality begins with superior product design and systems, making processing simple, highly automated, and virtually error free. Numerous independent studies of major cash management banks over the last few years rate Wells Fargo as one of the top rated banks for service quality.
- Over the last decade, Wells Fargo has been the top financial performing bank in our peer group. The significance of our financial strength to your Treasury Management business is that it ensures the safety of your money, that we have the necessary resources to develop and enhance our treasury management services, and the ability to handle the most rigorous financial needs of our customers.
- We highly value the working relationships we develop with our clients. Our people seek get to know your people and your business.

What differentiates our service from other providers?

Our People Differentiate Us

The Boise RCBO team is a seasoned group of individuals with a proven track record including years of dedicated service not only to the same financial institution but to the same core set of loyal long-standing commercial and corporate relationships throughout Boise and Southern Idaho. The clients served by this RCBO will confirm for you it's this type of consistency and commitment that makes the choice to be with Wells Fargo and this RCBO team easy.

You can pick up the phone and call any one of the RCBO team's listed personal business references and hear for yourself what they have to say about the service provided by this RCBO and the Relationship Team which will service Boise State University. We are proud of our performance and our dedication to building long-standing customer relationships. Combine this level of dedication with a vast branch network system and a distinguished and well-established brand name and you will find it's the people at Wells Fargo that distinguish us from the crowd. We work hard, we continue to strive to improve our professional skills by completing over 40 hours of progressively challenging training each year, we hire highly motivated people, self-starters, who truly enjoy what they do and have fun doing it.

Our Online and Extensive Cash Vault Network Differentiates Us

In depository services our extensive cash vault network and services distinguishes us from others. Wells Fargo currently operates 65 cash vaults



strategically located throughout the country. All of these vault locations operate on a common service platform providing a consistent customer experience across the entire network. This enables us to deliver high quality cash vault services, with consistent accuracy rates over 99%. Our 24/7 Internet access to cash vault inquiry, reporting, and change ordering services also sets us apart. Accessible through our *Commercial Electronic Office*® (CEO®) portal, Cash Vault Inquiry lets your staff quickly research deposits, adjustments, and the status of your change orders.

Our Proactive Approach to Product Development Differentiates Us

Wells Fargo takes a proactive view of product development driven largely by the feedback we receive from our customers. The Boise RCBO constantly solicits feedback and escalates our customer concerns so we work toward fixing the root of a problem once discovered rather than just dealing with the surface issue. We always question why and will take our clients concerns and see the process through to ensure proper resolution of the issue the first time. These efforts often translate into the development of new products. Yes, yearly product development plans are shaped in part by regulatory or market changes, but in large part by customer needs.

How do we plan to keep our products and services current and competitive?

Client Participation

Wells Fargo has a history of bringing innovative ideas and new technology to the market place. We listen to what our customers want, we study what works and what doesn't work within our existing departments, we pilot a number of banking services not only on our own employees/executives but will ask our RCBO clients to join in on pilots of new products, many of which take advantage of this opportunity since their participation and feedback actually assists in the design of the final product which often results in them getting exactly what was being looked for in the service. Due to the make-up of our client base and our seasoned relationship managers, the RCBO has been an instrumental influencer on Wells Fargo Product Managers.

Ethnography Studies

A service provided for RCBO clients at no additional cost are Ethnography Studies. Identifying where and how to streamline financial/banking activities may prove challenging when a University is looking at its own processes. That's where Wells Fargo's Wholesale Ethnography team can help.

Wholesale Ethnography takes an objective look at the University's operations to help the Wholesale Bank and customers gain a more complete understanding of the actual financial workflows. The Wholesale Ethnography team can visit a number



of University departments to observe employees performing specific tasks. Our observations often bring to light opportunities for improving business processes and for sharing best practices observed at other campuses. They also help Wells Fargo understand how we can better serve clients' financial needs through improved communication, customer service, products and services, systems interfaces, and relationship management.

Usability Studies

Customer feedback is captured using a variety of tools. For example, we periodically perform usability studies. This involves using a professional interviewer and videotape equipment to capture how customers are actually using our information tools. These studies are invaluable. They provide us with unique insights into user behavior. Over time, this has allowed us to refine and streamline our processes and user interfaces.

Delivery Councils

In addition to usability studies, we also conduct monthly delivery councils. Consisting of ten to twelve customers who are located in a particular region, these daylong sessions give us the opportunity to hear about customer needs directly from our customers. This is an important tool for identifying and prioritizing new products or new functionality for existing products.

New Services

Wells Fargo is constantly working to provide new services to our clients. Our Desktop Deposit[®] service was a recent new service that provides customers with the ability to present check deposits to the bank electronically through our online CEO[®] Internet portal. The Wells Fargo solution requires no software installation by the company; the application is fully supported by Wells Fargo through the Internet. Other recent new product developments:

1. Internet access to cash vault inquiry, cash ordering, and depository reporting services through the CEO[®] portal.
2. Internet delivery of deposited check images through the CEO[®] portal.
3. Internet delivery of return item images and online decisioning of returned items via the CEO[®] portal.
4. Electronic collection of returned items through our Electronic Returns service.
5. Online deposit and tracking services for cash vault deposits.
6. Expansion of our cash vault network.
7. Automated ACH Check Conversion of deposited items made at our stores and cash vaults.



Between our approach to product development and the new services that are already in development, Boise State University can be confident that the services we provide will satisfy your requirements both today and in the future.

Commitment to Treasury Management

Wells Fargo is highly committed to our long-term investment in the Treasury Management business. We consider it one of our most strategic commercial business lines. To this end, we continue to invest in the latest technology such as imaging, web-based services, information reporting, and electronic commerce services, to better serve our clients and maintain a competitive edge.

Customization and Flexibility

Wells Fargo has invested in the technology and systems necessary to be an efficient, low-cost provider. Yet at Wells Fargo, standardization is never so rigid that we forget a key aspect of servicing our clients is to “tailor” what we offer to the needs of each client.

Local Bank Empowerment

A phrase from our mission statement proclaims “Out Local the Nationals, Out National the Locals.” What this philosophy means to you is that we utilize our national franchise and financial strength to leverage the necessary investment in technology, treasury management products, centralized cost efficiencies, and credit strength for your benefit. Yet, at the same time we offer you local bankers who know and care about your business, who are empowered to make decisions, who service most of your business locally, and who give you the attention you deserve as a valued client.

The Commercial Relationship Manager is the key contact for BSU, and is responsible for ensuring that all aspects of your banking relationship with Wells Fargo meet or exceed your expectations. The Relationship Associates are responsible for the day-to-day account management and customer service, acting as a liaison between Boise State University and its Dedicated Client Services Consultant as well as any operations centers to resolve issues, request information and communicate to the appropriate parties. The Treasury Consultant provides expertise and best practices advice on Treasury Management solutions.

Charitable Contributions

Wells Fargo’s commitment to our communities is as old as our company—part of our culture since we opened our doors 157 years ago. We promote economic development and self-sufficiency through financial education, charitable contributions, community revitalization, job creation, affordable housing, and



through the efforts of our enthusiastic team member volunteers. We have clearly demonstrated our commitment to the Idaho community and expect to continue this level of involvement for years to come. We are proud to be involved in the communities where we live and work. In Idaho, Wells Fargo gives almost \$1 million annually to more than 300 nonprofit and community organizations. Through decentralized giving, the company helps fund various programs for education, art and culture, affordable housing, economic development, health and human services and community events.

Community Relations

Wells Fargo is committed to supporting our communities and promoting their long-term success by being involved in and providing technical assistance to community organizations through board membership and committee assignments. Your Commercial Relationship Manager is an Executive Board Member and Treasurer for The Jesse Tree of Idaho, local non-profit providing rental assistance to low-income individuals at risk of becoming homeless due to a temporary financial set-back. Jesse Tree was nominated for the 2008 Governor's Brightest Star Awards.

Community Reinvestment

Wells Fargo Bank, N. A. is rated "Outstanding," the highest possible rating, by the Office of the Comptroller of the Currency (OCC) for its performance under the Community Reinvestment Act in its Performance Evaluation dated September 30, 2004. In 2006 and 2007 respectively, Wells Fargo made \$12.4 million and \$17.2 million in CRA-qualified community development loans and investments throughout Idaho. These loans and investments financed affordable housing, community services, economic development, and revitalization/stabilization efforts throughout the state.

Financial Education

Wells Fargo is a strong supporter of financial education and demonstrates this commitment through internal and external programs and partnerships with community organizations. For instance, its *Hands On Banking* program has four educational levels appropriate for students from 4th grade through adults. It provides money management skills needed to create a brighter financial future. It is non-commercial, available in both English and Spanish, and can be accessed on-line, on CD-ROM, or in print curriculum. www.handsonbanking.org.

Information Reporting

Wells Fargo, a recognized technical innovator, brings you Treasury Information Reporting via our Commercial Electronic Office (CEO), a



convenient way to conduct your treasury management business over the Internet. Treasury Information Reporting lets you quickly review the latest information and make better and more informed decisions with regard to your treasury activity-all from a single web page with a single sign on using state-of-the-art security.

The CEO web portal provides top-notch protection. Multiple layers of security are built into CEO to protect your data. A few examples include:

- 128-bit encryption to encrypt all data transmitted from the bank to the customer into unintelligible characters for transport over the Internet
- Firewalls act as a barrier to restrict access to your data
- ID's and passwords only you know
- Authentication technologies determine the identity of people accessing your data
- Any services involving money going in or out of the bank (e.g. wires) require added security by requiring token (hardware) ids to access the service.
- We also have secure backup systems in place to ensure if one system goes down, the customer will still have access to their data.

Using *CEO* means:

- **No software installation means more upgrades, richer services.** With Internet-based services, it is much easier for the Bank to implement continual upgrades to enhance existing services, as we don't need to distribute new software with each installation.
- **Greater Flexibility.** Services on the *CEO* and Mobile *CEO* are accessible from any location, 24/7, where you have a compatible technical environment, for example, if one of your users wants to work from home or on the road.
- **More control.** Through the CEO, you can track transactions, monitor cash flow and verify wires from any location at any time. For example, some of our customers have employees that work from home and need access to their information reporting, approve wires, etc.
- **Single sign-on to more services than ever offered before.** The single sign-on gives you the latest in financial services at your fingertips.

Depository Services

Your deposits will use our accelerated availability schedule to maximize your collection efforts. By taking advantage of our deposit location



reporting capabilities, you have many different ways to access and post the information. Your deposit information can be reported on our Treasury Information Reporting system, via the CEO, or via our Account Reconciliation service.

Managing the risk of check fraud is becoming increasingly important to today's treasury managers. We have a variety of fraud prevention solutions to address your risk management. These services range from utilizing flags that block fraudulent checks from being cashed at a Wells Fargo teller line to unauthorized ACH transactions.

Disbursement Services

Numerous options are available for payment and remittance advice transmittal to vendors and employees. In addition to traditional payment methods such as checks, wire, ACH EDI/EFT, Wells Fargo offers a robust payables outsourcing solution. Wells Fargo also offers extensive security options such as positive pay and restrictions on transaction types by account.

For both payroll and accounts payable functions, teller window level positive pay, early reporting, image, largest USA footprint presence and perfect presentment are provided in the same package at Wells Fargo Bank.

Cash needs can be estimated more accurately by utilizing our Controlled Disbursement and Perfect Presentment services. With Perfect Presentment, Wells Fargo reviews images of your Positive Pay exceptions to identify and correct encoding errors. Therefore, only "true" exceptions to your issue file(s) are reported to you. Perfect Presentment means that daily funding totals accurately match posting totals, and adjustments due to encoding errors are virtually eliminated.

Check fraud can be diminished with Positive Pay exception reporting and is provided via CEO in a secure and timely manner. And because our TellerVision® system provides your Positive Pay information to tellers throughout our 23-state branch network, Positive Pay exceptions can be identified at the teller line.

Positive Pay decisions are improved because check images are immediately available online, you can review images of your Positive Pay exceptions before making your final pay/no pay decision.

Wire Transfer



Wells Fargo, a recognized leader in Internet banking, opens the door to faster, simpler, and more convenient wire transfers. Using the Wire Transfer Service, BSU can now leverage the convenience of the Internet to make online same-day and future-dated transfers to and from your Wells Fargo accounts-from a single Web page using state-of-the-art-security. Flexible customization features allow you to tightly control which functions your staff can access, and you can use the service's comprehensive reporting features to closely monitor your transfer activities over time. Service offerings include domestic wires, book transfers, drawdowns, and international wires in either US dollars or foreign currency.

Automated Clearing House

Wells Fargo is the largest ACH credit originator in the United States, and second largest overall ACH processor. Our leadership position is reflective of our superior product offering, expansive customer base, and strategic emphasis on ACH services.

ACH Systems

Wells Fargo's ACH systems are developed and maintained in-house. This commitment to technology gives us a state-of-the-art system that is regularly updated with new ACH formats and methods. Wells Fargo is able to process your largest ACH file accurately and on time. Wells Fargo accepts ACH files through a variety of delivery methods including direct origination or 3rd party vendor.

Flexible Processing Schedules

The Wells Fargo ACH service offers 24-hour or 48-hour processing deadlines and extended transmission windows - 24 hours a day, 7 days a week. As well, Boise State University can utilize our advance file-warehousing schedule - up to 45 days in advance. Wells Fargo maintains a continuous processing environment with file confirmations available within 15 minutes.

Wells Fargo brings you an innovative Internet solution to manage electronic payments: the Internet ACH service. With the Internet ACH service, there is no need to install or upgrade software; everything you need resides on Wells Fargo's servers. Anyone you designate can easily access your company's data in real-time through an Internet connection and Web browser.

File and Data Security



Wells Fargo uses the most advanced security system available today for file transmission access. We utilize a RSA SecurID®* card for authentication of ACH files, which can be applied to PC, host-to-host / Internet ACH transmissions. The Leahy Newsletter has called our approach the “ultimate security” which far exceeds UCC4A (Uniform Commercial Code 4A) requirements for commercially reasonable security. *RSA SecurID is a Registered trademark of Security Dynamics Technologies, Inc.

ACH Returned Item Processing

Returned items are a time-consuming and frustrating task for any company. Wells Fargo offers several advanced options to simplify your handling of ACH returns. These include:

- Consolidated reporting and once per day settlements report
- Automatic re-deposit of NSF returns
- Automated return dishonor for untimely or duplicate returns and transaction code mismatches
- Industry leadership in matching of return to origination entry. Wells Fargo matches 99% of returns with original transactions. This unique feature helps customers determine the cause of returns.
- For debit originators, Wells Fargo is an industry leader in returned item analysis for monitoring the accuracy and effectiveness of your originated entries, collection and return rates.

International ACH

When doing business outside of the United States, you need a means to efficiently disburse and receive international payments. Wells Fargo is one of the few US banks that can offer you a cost-effective solution. With Wells Fargo’s International ACH service, you can reduce the cost of moving funds, increase control over your cash flow and integrate your domestic and international cash management systems.

Building Direct Deposit of Payroll Participation through Incentives

Direct deposit is Boise State University’s lowest cost option for payroll remittance. Wells Fargo offers selected clients the opportunity to utilize our Membership Banking Program to maximize direct deposit participation.

Membership Banking encompasses a customized package of financial services for each employee participant that includes free checking, discounted loan pricing, and additional benefits not available to the general public. Membership Banking provides an additional employee benefit at NO incremental cost that increases direct deposit



participation and reduces payroll expense. Wells Fargo can also assist your direct deposit enrollment efforts by producing brochures, posters, banners, payroll insets and other collateral materials.

Account Reconciliation Services

With Wells Fargo's Full and Partial Account Reconciliation services, BSU can save time and money by automating many of your reconciliation activities, and by providing flexible reporting options so you can receive your information in the format that best suits your needs. Having the information provided in the way you need it helps your staff do their jobs more efficiently and helps you make better, timelier money management decisions. Benefits include customized reports, reduced accounting costs, increased cash control, strengthened internal controls, and simplified deposit reconciliation.

Image Processing Services

Wells Fargo offers a host of image-based products including WellsImage CD, Check Image Retrieval and Image Positive Pay. These services will provide BSU with faster and more convenient access to your paper-based transactions. Check storage and retrieval for research purposes can be greatly simplified with the use of WellsImage CD. Check Image Retrieval will provide images of your current cycle checks at your fingertips so that you can research items prior to the delivery of your CD-ROM at end of cycle. In connection with our Positive Pay service, Image Positive Pay allows you to view imaged exception items via CEO, and make your pay/return decisions. Being able to view your Positive Pay exceptions provides you with greater confidence in your pay/return decision-making process. Wells Fargo will improve your disbursement business practices; save you time, and have a significant impact on your exposure to risk.

We look forward to partnering with BSU as we work together to design a Treasury Management suite of enhancements that compliments your existing A/P and A/R environments, while also delivering the benefits of streamlined processing, improved risk management capabilities, and cost controls that our technology offers.

Additional Solutions

In addition to those services specified within your RFP, Wells Fargo offers several additional solutions that could greatly benefit BSU. A sample of

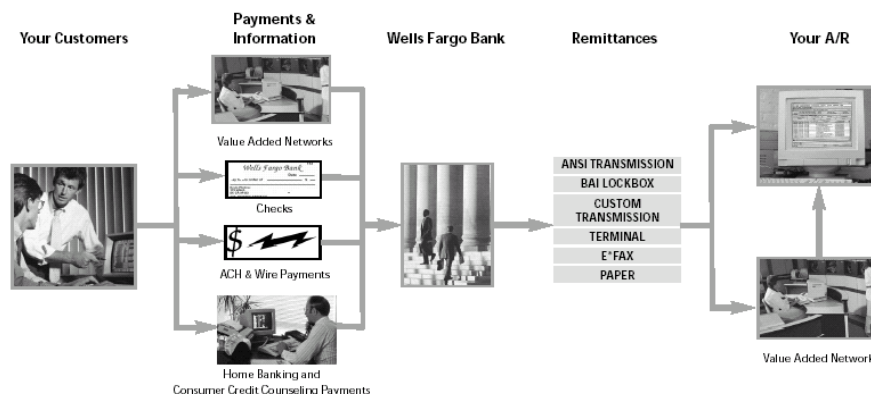


those services is listed below. We feel that these are a few of the services that differentiate us from other financial institutions.

Receivables Manager

Collections by paper and electronics are necessarily going to coexist for the foreseeable future in the US. The test for your bank selection is in the manner that the financial institution can integrate both paper and electronic remittances into a single data stream to the accounts receivable function and thus eliminate redundant processes and related IT development efforts.

Wells Fargo addresses this need with the Receivables Manager Service, which allows your company to receive ACH, EDI, paper-based, wire or electronic bill payment information electronically in a format compatible with your accounts receivables system. It consolidates all payment-related information into a single remittance that can be formatted to automatically update your accounts receivable data, whether you require an ANSI ASC X12, XML or proprietary formats.



Electronic Consumer Collections

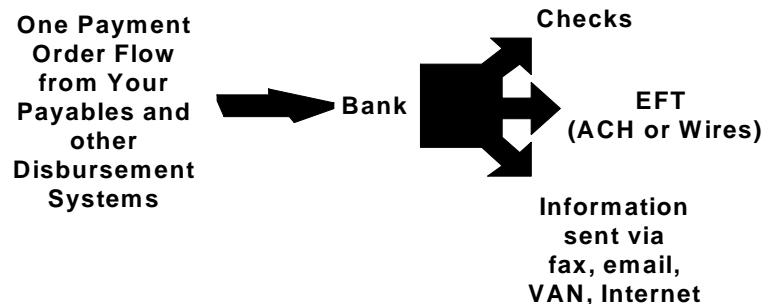
While consumer bill pay services streamline the payment process for consumers, processing those electronic transactions can still be very costly for large organizations such as BSU. Wells Fargo's Electronic Consumer Collections (ECC) automates the entire process from the consumer payment to your receivables file. Home/PC banking and other Internet bill payment services can all be received electronically in one consolidated file. ECC also eliminates "check-and-list" and costly exception processing, freeing resources and providing earlier access to funds. Your customers' electronic payments are automatically consolidated and transmitted directly to your receivables system in the format of your choice.



Developing Relationships. Providing Solutions.

Wells Fargo Payment Manager

In an effort to streamline the payment origination process, our Wells Fargo Payment Manager service offers BSU the ability to send a single, consolidated, disbursement file to the Bank for payment processing. At your specification, this file can contain mixed transaction types - including Paper Check, Financial EDI, ACH, International ACH, Wire Transfer, and International Wire Transfer payments - in a file format defined by BSU. Based on your designated transaction type, all payments will be automatically translated into the appropriate payment format (i.e. NACHA, Fed Wire etc.) and delivered to the respective payment system for processing and settlement.



Wells Fargo Electronic Document Delivery

As a compliment to our Payment Manager product, the Wells Fargo Electronic Document Delivery service offers a convenient and cost-effective method for supplementing electronic payments with the additional remittance information your suppliers require for A/R receipt and application. By soliciting participation in this flexible “vendor-centric” solution, BSU will be able to migrate suppliers away from a paper-based disbursement environment, over to an electronic payment program with robust remittance notification options. In addition to reducing A/P disbursement costs and fraud losses, BSU will be also able to potentially benefit from improved supplier relationships and payment terms.

In closing, your challenges are greater than ever. Today’s business climate demands the utmost attention to cash management, cash conservation, risk control, and investment decisions. Meanwhile, you are expected to do more with fewer resources. Simply choosing from a menu of treasury management products is not going to help meet your objectives. You need a business relationship with a bank that will tailor a comprehensive solution to your unique needs – a solution that will make your job easier and help you meet the University’s goals.



With the products of a national bank and the service of a local bank, Wells Fargo can be the perfect partner for all your entire banking needs.



1.0 GENERAL OVERVIEW

1.1 PURPOSE

Boise State University Finance & Administration requests proposals from interested parties to provide banking services for various Departments across the Boise State University campus. Banking services are primarily concerned with but are not limited to cash management, merchant services, depository services, checking accounts with various characteristics, wire, ACH capabilities, data management, reporting associated with cash accounts, balances and data management services related to all. Boise State University is interested in professional and innovative banking services that integrate a structure of internal controls within daily operations that establish a secure environment to safeguard the assets of the University. Please note, nothing in this RFP implies or includes rights for advertising or sponsorship of Boise State University without prior approval by designated Boise State University personnel.

1.2 SCOPE

To provide banking services that accommodate the needs listed below. Boise State University prefers online services to paper services, whenever possible.

- Checking accounts
- Deposits
- NSF checks
- Change funds
- Positive pay
- Wires
- ACH
- Merchant services
- Customer service
- Auditing services
- Reporting and data management including custom on-line queries and reports
- Record of paid checks
- Stop payments
- Services for personnel (optional)

1.3 CURRENT ENVIRONMENT

Boise State University:

- Is a public, co-educational institution;
- Offers graduate, undergraduate, and non-degree programs;
- Serves approximately 20,000 students;
- Employs approximately 5,000 faculty, staff and student staff.

2.0 GENERAL INFORMATION AND INSTRUCTIONS

2.1 DEFINITIONS

The following definitions are meant to supplement the definitions found in the SicommNet solicitation document, State of Idaho Standard Terms and Conditions, State of Idaho Solicitation Instructions to Vendors, and State of Idaho Special Terms and Conditions for Customized Software and Related Services:

Accounting Period – A one-month period of time, closing on the last business day of the month.

BSU - Boise State University

Evaluation Codes - Certain specifications have an evaluation code assigned, which are defined as follows:

M Mandatory Specification – Failure to comply with any subsection with an M notation will render the proposal non-responsive and no further evaluation will occur. Proposer is required to respond to each subsection with an M notation with a statement outlining its understanding and agreement to comply.

ME Mandatory and Evaluated Specification – Failure to comply with any subsection with an ME notation will render proposal non-responsive and no further evaluation will occur. Each subsection with an ME evaluation code will receive an evaluation score. Proposer is required to respond to each subsection with an ME notation with information explaining how the requirements will be met.

E Evaluated Specification – Proposer is required to respond to each subsection with an E notation with either a statement explaining how the service will be provided or with a statement that the service will not be provided, at the Proposer's option. If the response indicates the service will not be provided, the response will receive an evaluation score of zero. If the response indicates that the service will be provided, the Proposer must provide information in its response explaining how the service will be provided, and the response will receive an evaluation score.

Fixed Cost - In the Cost Proposal, this means a “**fully burdened fixed cost**” including, but not limited to, time and materials, travel (excluding alcohol), lodging, per diem and administrative overhead.

In Writing or Written Notice – Any letter or memo sent via fax, U.S. Postal Service, United Parcel Service, FedEx, or via e-mail.

Normal Operation Hours – Unless otherwise stated, the normal operating hours of the State are to be considered to be 8:00 a.m. until 5:00 p.m. Mountain Time, Monday through Friday, with the exception of State holidays.

Purchasing - State of Idaho Division of Purchasing.

Responsive Proposer -A Proposer that has submitted a timely proposal or offer that conforms in all material respects with the submission and format requirements of the solicitation, and that has not qualified or conditioned its proposal or offer.

SicommNet or Sicomm - State's Internet E-Procurement provider.

System - Refers to the entire package described in the RFP and the proposal.

Time – All references to time refer to local Mountain Time in Boise, Idaho.

Proposer – The legal entity that submits a response to the RFP.

Working/Business Calendar Day - Monday through Friday, except for legal holidays observed by the State of Idaho.

The following definitions are meant to define the entities and terminology related to the specifics of the requirements of this RFP:

Project Plan – Mutually agreed upon tasks and target dates necessary for implementation of the System into the daily operations of Boise State University.

Internal controls – a set of policies and procedures designed to reduce the risk of theft, loss or misuse of funds provided by the University. Internal controls may be a part of systems (such as utilizing username/password, key fob, etc.) or procedural (such as checking id's, confirming totals, confirming correct accounts, etc.).

PCI Compliance – standards established by the Payment Card Industry regulating security measures used to safeguard information that may be used in identity theft. Information includes, but is not limited to, credit card information.

2.2 ISSUING OFFICE & SUBMISSION OF QUESTIONS

This solicitation is issued by the Division of Purchasing via Sicommnet. The Division of Purchasing is the only contact for this solicitation. **Written questions and request for clarifications shall be submitted via email to:**

Jason Urquhart
State Purchasing Officer
State of Idaho, Division of Purchasing
E-mail: jason.urquhart@adm.idaho.gov



QUESTIONS MUST BE SUBMITTED IN WRITING NO LATER THAN 5 P.M. MOUNTAIN STANDARD TIME ON JANUARY 29, 2008 TO THE CONTACT ABOVE. Answers to written questions received will be answered via amendment to the RFP.

Questions must reference the heading for the provision in question. The inquiry must contain: (i) the name of the Proposer's representative who is responsible for the inquiry; (ii) the representative's business telephone number; and (iii) the proposing company's name.

2.3 SUBMISSION OF PROPOSALS

In order to be considered for selection, Proposer must submit a complete response to this RFP. Each proposal must be submitted with one (1) original and three (3) copies. The Proposer will make no other distribution of the proposal. Only one (1) copy and one (1) original of the cost proposal are required.

Each proposal package must be clearly marked "Banking Services for Boise State University" on the outside of the package. No proposal will be accepted after 5:00 p.m. Mountain time, April 4, 2008. Proposals submitted by facsimile, telegraph, mail-gram, and electronic mail will be rejected. Each proposal must contain the manual signature of an authorized representative of the Proposer on the signature page provided. Proposers are strongly encouraged to sign the signature page in blue ink. In addition to the copies stated above, each Proposer must submit one (1) complete copy of its proposal on a CD-ROM using Microsoft Office products.

Each Proposer is responsible to examine this entire RFP, including the attachments, seek any required clarification in writing, and review its proposal for accuracy before submitting the proposal. Once the submission deadline has passed, all proposals will be final unless otherwise indicated in this RFP.

NOTE: THE FOLLOWING IS MANDATORY!

- **PROPOSALS OR PARTS OF PROPOSALS MUST NOT BE SUBMITTED ELECTRONICALLY VIA SICOMM. ELECTRONICALLY SUBMITTING THE PROPOSAL OR ANY PART OF THE PROPOSAL WILL RENDER THE PROPOSAL NON-RESPONSIVE.**
- **PROPOSALS MUST BE SUBMITTED MANUALLY PER INSTRUCTIONS TO FOLLOW.**
- **PROPOSALS MUST BE HAND-DELIVERED, US MAILED, OR CARRIER SHIPPED. PROPOSALS MUST BE RECEIVED AT THE OFFICES OF THE**

DIVISION OF PURCHASING AND TIME STAMPED USING THE DIVISION'S TIME STAMP, NO LATER THAN THE DATE AND TIME SET FORTH FOR THE CLOSING OF THE SOLICITATION IN SICOMM.NET.

- **A SIGNED IDAHO SIGNATURE PAGE (ATTACHED IN SICOMM) IS REQUIRED.**

All proposal materials should be shipped in a single shipping container, if possible.

NOTE: PROPOSALS RECEIVED THAT QUALIFY THE PROPOSAL BASED UPON THE STATE ACCEPTING PROPOSER TERMS SHALL BE FOUND NON-RESPONSIVE. QUESTIONS PERTAINING TO THE STATE TERMS AND CONDITIONS MUST BE ADDRESSED DURING THE Q&A PHASE.

(Should the Proposer have a web site address, please write it on the signature page.)

2.4 VALIDITY OF PROPOSALS

Proposals must remain valid for one-hundred and twenty (120) calendar days after the proposal due date. Proposals submitted with a less than 120 day validity will be found non-responsive and will not be considered.

2.5 COMMUNICATION RESTRICTIONS

Proposers must comply with all state laws, rules, and policies covering communication with state employees and officials during the RFP bid process. If a Proposer engages in any unauthorized communication, the DOP may reject its proposal.

2.6 COST OF PREPARING THE PROPOSAL

Costs of preparing a proposal are the sole responsibility of the Proposer. The State will not provide reimbursement for such costs and shall not be liable for any proposal preparation costs.

2.7 (M) PROPOSAL FORMAT

Proposals must follow the numerical order of the RFP starting at the beginning and continuing through the end of the RFP. RFP and proposal sections and subsections must be identified with the corresponding numbers and headings used in the RFP. Each RFP section and subsection must be written and then followed with the Proposer's response (see examples below). Proposers are encouraged to use a different color font or other indicator that will clearly delineate the RFP section or subsection from the Proposer's response. Proposals must also include a corresponding table of contents. All proposal pages must be typed and sequentially numbered.

The State may reject any proposal that does not meet this format.

2.8 (M) COVER LETTER

The cover letter must be in the form of a standard business letter containing the Proposer's name, address and telephone number and must be signed with an original signature, in ink, by an individual authorized to legally bind the Proposer. The letter must contain the following information:

2.8.1 A statement describing the Proposer's legal structure (e.g., corporation, partnership) and providing federal tax identification number and principle place of business.

2.8.2 A statement that the person signing the proposal certifies that he or she is the person in the Proposer's organization who has actual authority to make decisions as to matters relating to this RFP and to bind the Proposer.

2.8.3 The name, telephone number, fax number and electronic mail (e-mail) address of a contact person who has authority to answer questions regarding the proposal.

2.8.4 A statement that the proposal meets the minimum qualifications set forth in this RFP and accepts all requirements and terms and conditions contained in this RFP.

2.8.5 A statement that the Proposer does not discriminate in its employment practice with regard to race, color, age, religion, sex, veteran status, sexual preference, national origin, or disability (ACA Standards 4-4053, 4-4054, 4-4055, 4-4056, Equal Employment Opportunity).

2.8.6 A statement that no attempt has been made or will be made by the Proposer to induce any other person or firm to submit or not to submit a proposal.

2.8.7 A statement that indicates whether the Proposer or any of its agents has a possible conflict of interest with any state employee involved in this Request for Proposal and any ensuing Contract(s) or any other conflict of interest and, if so, an explanation of the conflict must be given.

2.8.8 A statement that the proposal must be valid for one hundred twenty (120) days from the proposal due date.

2.8.9 An acknowledgement of receipt of issued amendment(s) to this RFP.

2.9 (M) INDEMNIFICATION AND INSURANCE

The Contractor must indemnify, hold harmless and defend **Boise State University and the State of Idaho**, their officers, agents and employees from and against all claims, damages, losses and expenses for bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property including loss of use resulting therefrom, including but not limited to attorney's fees, arising out of or caused in whole or in part by the negligent acts, wrongful acts, errors or omissions of the Contractor, a subcontractor, anyone directly or

indirectly employed by them or anyone for whose acts they may be liable, but only to the extent caused in whole or in part by negligent acts or omissions of Indemnitor. The insurance company providing the general liability insurance certificate must have an insurance company rating of B or higher by either A.M. Best or Standard and Poor's rating bureaus.

The Certificate of Liability Insurance for Wells Fargo & Company and Its Affiliates is issued by Wells Fargo Insurance Services on behalf of Old Republic Insurance Company, which is rated A+ (Superior) by AM Best.

The Contractor shall, at no additional cost to Boise State University, procure and maintain through the term of this Contract:

2.9.1 Commercial General Liability Insurance with limits not less than \$1,000,000 per occurrence Combined Single Limits (CSL) for Property Damage and Bodily Injury Liability, including Products/Completed Operations Liability, Blanket Contractual Liability and Personal Injury Liability. If an annual aggregate is used each annual aggregate limit shall not be less than \$2 million when applicable and will be endorsed to apply separately to each job site or location;

General Liability Insurance

Insurer: Old Republic Insurance Co.
 Policy Period: April 1, 2007 to April 1, 2010
 Limits: \$10,000,000 general aggregate
 \$10,000,000 products/completed operations aggregate
 \$10,000,000 personal injury
 \$10,000,000 each occurrence

2.9.2 Automobile Liability Insurance including non-owned and hired vehicles with limits not less than \$1,000,000 per occurrence (CSL) for Property Damage and Bodily Injury; and Workers' Compensation and Employers' Liability Insurance with limits not less than;

Automobile Liability Insurance

Insurer: Old Republic Insurance Co.
 Policy Period: April 1, 2007 to April 1, 2010
 Limits: \$10,000,000 combined single limit

2.9.3 Worker's Compensation - as required by State statute including occupational disease. The Contractor must provide either a certificate of workman's compensation insurance issued by a surety licensed to write workman's compensation insurance in the State of Idaho, as evidence that the Contractor has in effect a current Idaho workman's compensation insurance policy, or an extraterritorial certificate approved by the Idaho Industrial Commission from a state that has a current reciprocity agreement with the Industrial Commission.

Workers Compensation



Insurer: Old Republic Insurance Co.
 Policy Period: April 1, 2007 to April 1, 2010
 Limits: \$1,000,000

2.9.4 Employer's Liability:

Bodily Injury by Accident: \$100,000 each accident
 Bodily Injury by Disease: \$100,000 each employee
 Bodily Injury by Disease: \$500,000 policy limit

Employer's Liability

Insurer: Old Republic Insurance Co.
 Policy Period: April 1, 2007 to April 1, 2010
 Limits: \$1,000,000 each accident
 \$1,000,000 disease – policy limit
 \$1,000,000 disease – disease

2.9.5 Prior to the commencement of the term of the Contract, the Contractor must deliver or fax to (208) 327-7320 to the Division of Purchasing:

A certificate of insurance with respect to **ALL** such insurance including worker's compensation in a form reasonably satisfactory to the University. **The general and automobile liability insurance certificate must name the University and the State of Idaho as additional insured** and must contain a written provision that, should any of the above-described insurance policies be canceled or non-renewed before the expiration date thereof, the issuing company must notify the University in writing, by certified or registered mail, receipt requested, at least thirty (30) days prior to any cancellation or non-renewal of any such insurance.

As stated on the Certificate of Liability Insurance, should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

2.9.6 Section 11 (Save Harmless) of the State of Idaho Standard Contract Terms and Conditions found on the Division of Purchasing's e-purchasing site (SiComm) is not applicable to this RFP.

2.10 EVALUATION, INTENT TO AWARD LETTERS, AND AWARD PROCESS

As a general rule, the following procedure is followed:

Once the solicitation closing date and time have passed and proposals have been opened, the copies of the Technical Proposals are forwarded to the agency for evaluation. Once the agency has completed its technical evaluation and scored the proposals, the evaluation

summary and scoring documentation are forwarded to the Division of Purchasing for review. The Division of Purchasing verifies the fairness and integrity of the technical evaluation process. The Cost Proposals and copies are then opened, and the copies forwarded to the agency for evaluation. The scoring of the cost evaluation is then added to the scoring of the technical evaluation to arrive at a total proposal scoring, thus identifying the successful proposal based on the specifications and criteria set forth in the RFP. Assuming the agency does not require Best and Final Offers, the agency sends its award recommendation to the Division of Purchasing.

The Division of Purchasing then issues a Letter of Intent to Award to all responsive proposes, notifying them of the State's intent to award the contract. After the passage of the time set by Idaho Statute 67-5733 for appeals, and the resolution of any appeals received, the Division of Purchasing awards the contract.

The State has the time set forth in the Validity of Proposals subsection to complete the evaluation and award the purchase. To ensure the integrity and fairness of the evaluation process, during the evaluation and up and until the time the Division of Purchasing issues the Intent to Award letter, no information regarding the content of the proposals is released.

2.11 POINT WEIGHTING

Award will be made based on a weighted evaluation. See Section 7.0 for details.

2.12 CONTRACT TERM

The initial term of the contract shall be five (5) years with the option to renew for five (5) one-year renewals upon written, mutual agreement between the parties. The initial term and any renewal periods shall include all licenses, data conversion and maintenance.

2.13 PRICE ADJUSTMENTS

Beginning with the first renewal, the Contractor may request in writing upon contract renewal a price adjustment, if applicable. The price adjustment will be effective the date of the contract renewal. Proposed prices shall remain firm for the first year of the contract.

The CPI base index for price adjustments will be given at time of award. All price adjustments are subject to approval by the Division of Purchasing and no price adjustment will be in effect until approved by the Division of Purchasing. The Division of Purchasing reserves the right to require supporting documentation for any adjustments. An upward price adjustment for inflation shall be allowed no more frequently than annually.

An adjustment may be allowed based upon the percentage change of the Table 3. Consumer Price Index for All Urban consumers (CPI-U): Selected Areas, all items index, West urban, size B/C, as published by the U.S. Dept. of Labor, Bureau of Labor Statistics (<http://www.bls.gov>). To access this information, go to: www.bls.gov. Once there, click on the "Consumer Price Index" link under Inflation and Consumer Spending. Scroll to "Economic News Releases", then under "Current" click on either the "HTML" or "PDF" link for Consumer Price Index, and scroll to "Table 3". Find in that table "West Urban" and use the "Size B/C" data. The percent change to be allowed shall be the percent change from the month three

months prior to date of contract award to the month twelve months after that month. For all subsequent adjustments, the Base Month shall change to the month twelve months after the prior Base Month for contract price adjustments. Decreases will be effective immediately. The adjusted price shall be rounded to the next higher cent. To request an increase, the Contractor must submit a written request no less than thirty (30) days prior to the effective date of the increase. The request shall include the contract number and be sent to the Division of Purchasing, 5569 Kendall Street, Boise, ID 83720-0075. The state of Idaho reserves the right to require the Contractor to decrease the prices in the same manner described above.

3.0 SERVICES

Boise State University (the "University") is seeking instruments to hold, invest and distribute cash funds as described below with online reporting tools that allow personnel to manage funds effectively to facilitate the daily operations of the University. The University is concerned with sufficient internal controls and satisfaction of compliance requirements such as PCI standards.

(M) A project plan must be submitted to BSU for approval within 30 days of the contract award prior to beginning any work. Banking services must be on target to go live May 1, 2008. The University intends to overlap banking services between the existing and newly awarded banking services Contractor for a 90 day period of time after go live to ensure transactions have an opportunity to complete.

3.1 SERVICE REQUIREMENTS

All of Sections 3.1 and 3.2 will be evaluated and scored by an evaluation committee. Please provide specific and complete responses of how your firm meets or exceeds each service requirement. Where the University has noted a "preference" (i.e., use of the word "prefer") in the following subsections under 3.1, the Proposer must identify where preferred services are not offered, either in whole or in part, and describe alternative services offered by the Proposer intended to satisfy the stated need.

3.1.1 (ME) CHECKING ACCOUNTS

The University prefers to use the minimum number of accounts necessary to facilitate operations. Currently the University utilizes twenty-five separate cash accounts with varying characteristics as determined by purpose, including sweep, ZBA, checking accounts and accounts restricted from checking options. Authorized individuals must be able to open, close, or modify characteristics of accounts to accommodate changes in daily operations. Additionally, the University must be able to modify signature authority on specific cash accounts as needed. Each account must have unique signature authority, which will be updated in writing as required by the University. Cash accounts must include standard security features to prevent unauthorized persons from establishing accounts, making withdrawals, closing



accounts, etc. Please note, cash accounts established for daily operations of Select-a-Seat may be included as part of this banking services agreement at the discretion of the University.

Investment sweeps must be collateralized overnight investment sweeps. The investment products in which the Contractor may invest sweep funds are identified in the University's investment policy found at:

<http://www.boisestate.edu/policy/index.asp?section=6&policynum=6150>

Select-A-Seat (SAS) has outlet locations at various Albertson's stores. Daily deposits are made into store banking branch locations. The University desires to coordinate banking services for SAS with Albertsons to ensure the ease of deposits of University funds accepted at these locations, thus SAS may be included at the discretion of the University. If SAS were added to the contract, it would require the addition of one checking account (currently, the University utilizes 25 other checking accounts), with an investment sweep account tied to it.

The Proposer must provide a detailed description of how it will provide the above requirements.

Wells Fargo can easily accommodate the structure currently utilized by Boise State University. We customize your account structure based on needs and security restrictions by combining services such as Payment Authorization, Zero Balance Accounts, and Investment Sweep options. We also offer a subaccounting feature that automatically rolls funds up to a master account, which is ideal for businesses with multiple retail locations such as a bookstore.

Payment Authorization

Wells Fargo's Payment Authorization Service can help prevent unauthorized transactions from posting to your deposit only account by establishing a \$0.00 check amount. This service will also allow the University to determine if you would like to prevent any checks from posting to accounts, determine a specified amount of counter withdrawals, or determine the amount of "cash back" for checks cashed or deposited at the teller window.

Zero Balance Accounts

Zero Balance Accounts offer many advantages. A Zero Balance Account (ZBA) lets you set up accounts for various divisions or departments within your organization. Instead of maintaining balances in each of those accounts separately, all funds are automatically concentrated into a master account at the end of the day. This structure provides each department or division the ability to view their account balance and activity as if the funds



were maintained in their specific account, but since the funds are actually pooled into a single central account the University has more flexibility to invest excess capital or benefit from earnings credits with higher account balances.

Subaccounts

We offer a Subaccount structure that includes one master Wells Fargo account with multiple sub-accounts tied to it. These sub-accounts are “deposit only” accounts which are then automatically swept to a master account -- no check writing is permitted in subaccounts. This service helps simplify the administration of a complex depository network with specific location reporting of deposits, return items, adjustments and ACH transactions, and is particularly useful in an operation with multiple locations (i.e. Bookstore).

Investment Options

Wells Fargo offers the following options of *Stagecoach Sweep* cash management services that would accommodate the University’s investment policy, including a Repurchase Agreement Option or Money Market Funds Option.

Our *Stagecoach Sweep Repurchase Agreement* service automatically sweeps excess collected balances into interest-bearing repurchase agreements. At the opening of the next business day, the funds are returned to your account. This sweep service allows you to generate additional earnings overnight while maintaining access to your cash during the day.

Note: Investments in repurchase agreements are not deposits, are not insured by the Federal Deposit Insurance Corporation and are not guaranteed by the United States government or any agency of it, or by the bank, nor is it the bank’s obligation to repurchase company’s interest in any securities. The securities held by Wells Fargo as collateral may or may not be guaranteed by the U.S. Government, but such guaranty does not flow to you, the investor. All securities carry investment risk and may lose value. General banking assets may be used to satisfy Wells Fargo’s obligations under a repurchase agreement. The interest rate on a repurchase agreement is not the same as the rate on government securities. The repurchase agreement contains specific provisions and additional disclosures. Please read it carefully.

Our *Stagecoach Sweep Money Market Funds* service automatically sweeps excess collected balances into omnibus accounts holding money market mutual funds. Funds stay invested until you need them, allowing you to generate additional earnings without sacrificing access to your cash.



If your checking account balance is above your target balance at the end of the day, excess balances are automatically swept from your account and are invested in a non-FDIC insured, non-bank guaranteed money market mutual fund the next morning, when the market opens.

Regardless of which option you choose, our *Stagecoach Sweep* Service offers the following benefits to BSU:

- **Same-Day Sweep** - Interest income is maximized by using daily collected balances to increase investment balances.
- **Daily Interest** - Investment interest is paid daily and is available for immediate reinvestment the following day.
- **Automated Investment of Funds** - Eliminates costly or time-consuming funds movement associated with manually transferring funds to/from investment accounts.
- **Accuracy of Funds Transfer** - Since the sweep transfer is performed after all of the day's debits and credits have been tabulated, accidental account overdrafts are impossible.
- **Detailed Reporting** - Investment confirmations can be provided daily, online via the *Commercial Electronic Office*[®] (*CEO*[®]) portal detailing the amount invested. Activity is summarized at the end of the month in a clear, concise online statement.

Note: This is just a summary. Please see the full description of the sweep product and set of disclosures set forth in the Wells Fargo Stagecoach Sweep Service Description, which shall control. Wells Fargo Funds Management, LLC, a wholly owned subsidiary of Wells Fargo & Company, provides investment advisory and administrative services for Wells Fargo Advantage FundsSM. Other affiliates of Wells Fargo & Company provide sub-advisory and other services for the Funds. The Funds are distributed by Wells Fargo Funds Distributor, LLC, Member NASD/SIPC, and affiliate of Wells Fargo & Company. Any investments in the money market mutual funds will be wired out of your account at Wells Fargo into an omnibus account held with the mutual fund, which is a separate entity from the bank. Your investment in a mutual fund will be pooled with other investors in the Wells Fargo's general account with the mutual fund. An investment in a money market mutual fund is not insured by the Federal Deposit Insurance Corporation or any other government agency. Although the mutual funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a money market mutual fund. In addition, mutual funds are not guaranteed by Wells Fargo. For more information regarding the sweep option you chose, obtain a current prospectus by visiting www.wellsfargo.com/advantagefunds, or by contacting your Wells Fargo relationship manager. Consider the investment objectives, risks, charges and expenses of the investment carefully before investing. This and other information about Wells Fargo Advantage Funds can be found in a current prospectus. Please read it carefully before investing.

**NOT FDIC INSURED · NO BANK GUARANTEE · MAY LOSE VALUE*

Authorized individuals from Boise State University will be directed to contact their Boise-based Relationship Associate dedicated to the BSU



relationship when the need arises to open, close, or modify any characteristics of the BSU account structure, or to accommodate changes in daily operations.

This process will be the same when the need arises to modify signature authority on any of the BSU accounts. Each account will be identified with a separate Commercial Account Authorization and Agreement (Signature Card). Updates to these agreements will be facilitated by completion of a Signature Amendment to the Commercial Account Authorization and Agreement (Signature Card).

Accounts will be opened and/or closed by the Boise-based Relationship Associate upon receipt of written requests from individuals authorized to perform such tasks within Boise State University's Corporate Resolution, which will be executed upon establishment of the banking relationship.

Select-A-Seat

If Select-A-Seat were included as part of the contract with Wells Fargo, this account would be added to the twenty-five account structure identified above with a separate investment sweep tied to it.

The most convenient process for deposits at the SAS locations would be to continue depositing to the in-store bank locations as is being done today. Funds could then be concentrated to Wells Fargo via ACH on an as needed basis (i.e. daily, weekly, etc.) using our Internet ACH service via the Commercial Electronic Office web portal. An alternative to this process would be to have the deposits picked up and delivered to the Wells Fargo Boise Cash Vault each day via courier.

3.1.2 (ME) DEPOSITS



The University utilizes armored car service for transportation of monies from the point-of-sale to main cashiering office and specific banking branch locations. The University intends to obtain this service separately. The Proposer must have branch locations within thirty (30) miles of point-of-sale locations, be able to accommodate armored car service, and provide same day deposits for those received prior to 2:00 PM Mountain time. Discrepancies in deposits must be brought to the attention of identified University personnel immediately. A vault system may be utilized in conjunction with branch locations. The "Number" column in the table below represents the weekly number of required deposits.

Location	Stop	Number
Boise Campus	Athletics	5
Boise Campus	Taco Bell Arena	As needed
Boise Campus	Recreation Center	5
Boise Campus	Bookstore	5
Boise Campus	Information Desk - SUB	5
Boise Campus	Health & Wellness	5
Boise Campus	Parking	5
Boise Campus	Morrison Center	As needed
Boise Campus	Payment & Disbursement	5
Downtown – BODO	Bookstore	5
Nampa Campus	West Campus	5
Nampa Campus	Bronco Shop	5
Canyon County Campus	Canyon County	5

On a case by case basis, the University may require an extra pick up from its armored car service provider or make an in-person deposit if warranted.

On occasion, the University may present an in-person deposit which must be credited on the same business day as received by the Contractor. Also, on occasion the University may deposit foreign currency and paper items, and the Contractor must accept these deposits.

The Proposer must provide a detailed description of how it will provide the above requirements.

Wells Fargo offers a broad range of depository service channels, including cash vault, branch, and night depository services. There are 23 Wells Fargo store locations located throughout Ada and Canyon counties and one cash vault located in Boise. All store locations and the cash vault are within 30 miles of BSU's point-of-sale locations, and can accommodate armored car services and same-day deposits for those received prior to 2:00 p.m. MT.

Cash Vault Services



Developing Relationships. Providing Solutions.

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The Wells Fargo Cash Vault Services offer secure, efficient ways to make large cash deposits and obtain the coin and currency you need. Only licensed, bonded armored carriers may access our vaults. Boise State University must use a Wells Fargo approved courier to deliver deposits to our Boise Cash Vault processing facility. While we do not recommend one courier above another, some of the couriers approved at the Boise Cash Vault include Loomis, Idaho Armored, and AT Services.

The BSU account would be set up with a unique customer profile. The profile defines your service requirements such as location number, order limits, and adjustment advice address. The profile is retained in our automated vault processing system to ensure that your requirements are met consistently.

Some of the benefits of using our cash vaults include:

- The safety and security of relying on Wells Fargo to process your cash deposits.
- Same day credit for deposits received in the vault by our published deadline.
- Close working relationship between your armored carrier and our vault staff to ensure that deposits and change orders are transferred securely.
- Convenience – coin and currency orders may be placed 7 days/week, 24 hours/day.
- Standardized transaction reporting provides ability to quickly detect and control potential fraud with:
 - Notification of deposit overages/shortages within 48/72 hours of deposit receipt.
 - Phone notification of differences greater than \$50.00
 - Explicit vault transaction descriptors on commercial checking account statements and Treasury Information Reporting (TIR).
 - Descriptive deposit correction notices make it easy to identify original deposit total and depositing location.
 - Detailed reporting of vault transactions by standard BAI codes.
- On-line access to vault deposit and order transaction information via our *Commercial Electronic Office®* Cash Vault Inquiry.
 - Timesaving search capabilities.
 - Detailed deposit and adjustment information.



- Detailed order information.
- Empower dispersed employees to access only the locations that you want them to see.
- Simplified employee training: if it chooses, at all Boise State University locations, it can use the same deposit and ordering procedures.

The cutoff time for check deposits delivered directly to the Boise Cash Vault processing center are shown below in local time:

Cash Vault Location	Mixed Deposits	Check Only Deposits	Cash Only Deposits	Same-Day Change Orders – Touch Tone	Same Day Change Orders <i>CEO</i> ® (or transmission)	Armored Carrier Pick Up
Boise, ID	4:30 p.m.	4:30 p.m.	4:30 p.m.	11:00 a.m.	10:30 a.m.	2:00 p.m.

Wells Fargo requires plastic, disposable, tamper-evident deposit bags for cash vault deposits. You may order dual-pouch deposit bags from us or you may select a third party vendor. Though we must approve each bag to ensure it meets our requirements, most commercially produced, tamper-evident bags are acceptable. During the implementation phase of this project, we will work with you to facilitate the approval of the bags you select.

Branch Cash Deposit Services

Wells Fargo has taken a number of steps—including post verification of deposits—to minimize the time involved in making branch deposits. Post-verification of deposits at the teller line require the use of a secure, tamper-evident, dual-pouch bag. Designed to be both disposable and tamper-evident, BSU staff inserts cash in the top section of the bag, and checks and your deposit ticket in the bottom. When you present the bag at the teller line, the checks and deposit slip are removed, and BSU is given provisional credit for the full amount of the deposit.

The cash portion of the bag is stored in a secure location for verification at a later time, either at the branch or at one of our cash vaults. Deposits that are verified at the branch are processed under dual custody. Deposits that are verified in a cash vault location are processed under extensive video coverage in a team custody environment. During each step of the delivery, logging, and verification process, cash vault deposits are tracked through an automated operating system that allows for blind verifications.



Our posted daily cutoff times to receive same day credit is 4:00 p.m.; however special arrangements can be made to accommodate special circumstances beyond this cutoff time.

Deposit Discrepancies

Final verification of deposits and adjustments takes place within 72 hours. For cash vault adjustments, your adjustment notice includes deposit date, declared amount, verified currency total by denomination, and location number (if applicable). For branch deposit adjustments, your adjustment notice will include the amount and reason for the adjustment. For deposits to a subaccount, the location code will also be provided.

Adjustment notices can be provided via Commercial Electronic Office web portal for immediate notification. In the event that a deposit requires an adjustment that exceeds \$50, a bank representative will contact you by phone to make you aware of the difference.

Foreign Deposited Items

Foreign Deposited Items are handled separately by our West Coast Foreign Item Processing Center. Cash Vault and Branch employees are instructed to route these items through the processing center for clearing through the foreign banks. Boise State University could remit these items directly to the Foreign Item Processing Center if activity volume warrants such delivery.

Boise State University will typically received a better exchange rate on foreign deposited based on its relationship with the Boise Regional Commercial Banking Office.

3.1.3 (ME) NSF CHECKS

The University accepts both paper and electronic checks. The University prefers that checks with insufficient funds be automatically presented twice before being returned. The University also prefers to have NSF checks posted a single time after second presentation rather than posted after each presentation. However, if it is not possible to present checks with insufficient funds twice with a single posting, then the University prefers to have a single presentation.

The Proposer must provide a detailed description of how it will provide the above requirements.

With our Standard Redeposit Service, items returned for non-sufficient funds (NSF) are automatically redeposited once. If the redeposited item is returned, you will only see the returned item posted to your account a



single time after second presentment. Special instructions for return items could include specifying the dollar limit at which items are to be redeposited or directing Wells Fargo to send returns to a specified individual. You could also choose to have either none or all items redeposited. Our standard redeposit service is also optional by location.

Images of returned items are available through our online *Commercial Electronic Office* portal. Although it is non-standard, images of re-deposited return items can also be faxed to you. Faxes are sent by 2:00 p.m. local time on the day the item is re-deposited.

Wells Fargo's Returned Item services allow you to manage the collection of your returned checks online through our *Commercial Electronic Office (CEO)* portal. You may view images online in real time with our Returned Item Image service and Returned Item Detail Report. You can view images by clicking on the dollar amount in the Returned Item Detail Report or you can search for specific items online.

Furthermore, as a consultative statement, with check fraud continuing to grow, clients need more cost-effective ways to collect on NSF checks. Now it is possible to represent returned checks through the Automated Clearing House (ACH) using the new re-presented check entry, or RCK. With Wells Fargo's Electronic Returns services, the University could increase its collection rates on checks returned for insufficient funds, reducing vulnerability to fraud and potentially reducing overall check write-offs. As one of the largest originators of ACH transactions in the U.S., Wells Fargo can help you streamline return-check processing with state-of-the-art software. We are prepared to review this option further with the University to determine if it could benefit from its use.

3.1.4 (ME) CHANGE FUNDS

The University utilizes change funds to facilitate daily operations in point-of-sale locations. Change funds may be requested at any time and tend to be cyclical in nature with a higher volume of funds requested at the end of each semester. The University also needs high dollar ad hoc change funds to satisfy contractual agreements for events. Change funds of this nature tend to be high dollar requests and have specific types of tender increments. All change fund requests will come from a central location. The University will identify authorized persons to request change funds and requires that all be delivered via armored car service to the requesting location.

The Proposer must indicate the procedure for requesting various types of change funds including specific requirements for requesting large dollar versus standard

change funds, timeframes for request to ensure on time delivery, and security measures to prevent unauthorized persons from requesting funds.

Wells Fargo offers its customers a change order system that is both flexible and easy to use. University staff can place change orders one of two ways -- through our online Internet portal called *Commercial Electronic Office (CEO)*, or through our automated touchtone telephone ordering system.

The *CEO* portal can be used to place orders for a single location or multiple locations. To simplify the ordering process, your staff can also upload change order details in an Excel spreadsheet. With our touchtone service, each location is assigned an ID and password that is required to access the system. To maximize security, you can also establish a maximum order limit per location.

Once the order is submitted, change orders are filled using a procedure called blind, dual control. Dual control means that two associates must verify that the dollar amount is correct. Blind means that the second associate does not know the original amount of the order. These procedures ensure that the amount is correct. Once verified, orders are placed in clear plastic bags and sealed. Orders are then delivered to your designated location via armored carrier, usually on a next-day basis.

Change orders are debited electronically the day they are filled. Where applicable, electronic reports and statements will include location numbers where change orders were sent.

The following table describes the cut off times for change orders, organized by location and whether the change order was placed by online or through the automated telephone system:

Cash Vault Change Order Deadlines (local time)			
Cash Vault Location	Same-Day Change Orders - Touchtone	Same-Day Change Orders – <i>CEO</i> or Transmission	Armored Carrier Pickup
Boise, ID	11:00 a.m.	10:30 a.m.	2:00 p.m.

Wells Fargo does not have minimum currency purchase requirements. This means you can purchase coin supplies in individual rolls or in half and full



boxes. It also means you can purchase currency supplies in standard strap denominations of 100 bills, or in loose amounts. Despite this, we prefer standard amounts where possible. This results in a lower fee for change orders.

For cash vault change orders, we debit your account on the day the order is filled. For branch change orders, we can either debit your account or accept cash payment.

Changes orders made through the Boise Cash Vault require delivery by an approved courier that is both licensed and bonded. Wells Fargo does not recommend courier services, however a few of the couriers approved at the Boise Cash Vault include Loomis, Idaho Armored, and AT Services.

3.1.5 (ME) POSITIVE PAY

The University is currently implementing positive pay procedures for vendor payments, student financial aid disbursements and payroll checks. Disbursements occur on varying intervals, which may result in multiple check-issuance files being sent on the same day. All files are sent via a standard SSL with 128-bit encryption minimum. The Proposer must be able to accommodate the receipt of multiple files in a secure medium utilizing current encryption standards and upgrading as industry standards change for positive pay processing. Though the University would allow the use of reverse positive pay, it prefers positive pay.

The Proposer must provide a detailed description of how it will provide the above requirements.

Wells Fargo offers three different positive pay products which will make it easier for Boise State University to select the service that best meets its needs.

Perfect Presentment[®] Positive Pay

Our *Perfect Presentment* Positive Pay is our premier positive pay service and is only associated with Controlled Disbursement accounts. In contrast to other positive pay services, *Perfect Presentment* is unique because we identify all stop payment items and positive pay exceptions, and we correct exceptions due to encoding errors—before they post to your account. Consequently, the daily funding totals that we report to you will always match your posting totals.

With our *Perfect Presentment* Positive Pay service, you receive same-day exception and images reporting by 1:00 p.m. MT. You then make your pay/return decisions by 12:00 p.m. MT the next day. This gives you almost 24 hours to make your pay/return decision.



Image Positive Pay

Our traditional Image Positive Pay service compares checks presented against your account to your issue files after the items post. With this service, we review all Positive Pay exceptions and reverse items that can be corrected such as encoding errors, and repost them on the following business day. This feature saves you time and money because it means that we research and resolve the majority of your exception items for you.

With our traditional Image Positive Pay service, you receive next day exception reporting and images by 9:00 a.m. MT. You then make your pay/return decisions by 3:00 p.m. MT.

Payee Validation

This enhancement to our Perfect Presentment and Image Positive Pay service plans provides you with extra security against payee alteration fraud. Simply include payee names, exactly as they appear on their checks (up to 120 characters), in the check issue files for fast, easy implementation. Wells Fargo validates payee names on all checks presented for encashment at our teller windows and on deposited checks above the threshold dollar amount. Payee matches are paid, payee mismatches are returned. This service is not available with the Basic Positive Pay service.

ARP Register Maintenance

Regardless of which Positive Pay option you choose, you can access our Internet-based ARP Register Maintenance service that's available through our *Commercial Electronic Office (CEO)* portal. The ARP Register maintenance service lets you update your check registers with voids, cancels, stops and new over-the-counter and location-issued checks. You can also use it to easily create check registers to clear Issue Notice Not Received (INNR) exceptions. ARP Register Maintenance files can be electronically transmitted. We update our systems with your transmission files throughout the day.

Transmission Methods

Wells Fargo supports several transmission methods via our standard file delivery tool Secure File Transport including https, FTP/s, SFTP and AS2. These highly secure Internet delivery methods offer advantages over older telecommunications methods. More detail about each of these methods follows:

HTTPS

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Secure Sockets Layer (SSL) secures your file transfer sessions when delivering or receiving files. You can use a Wells Fargo-issued digital certificate to perform authentication. You have the further option of handling file transfers via a browser or in an automated environment.

In a browser environment, you can manually access the Wells Fargo Secure File Transport tunnel through any browser equipped with at least 128-bit SSL encryption. No additional software is required.

You can automate access to the Wells Fargo Secure File Transport tunnel using client software. Wells Fargo offers client software at no additional cost, or you can use a third-party client software. The Wells Fargo client software is available in Windows or UNIX versions.

FTP/S

Wells Fargo supports the industry standard File Transfer Protocol (FTP), secured with at least 128-bit Cypher Strength SSL. With Wells Fargo's implementation of FTP/S, you can initiate both delivery of files to and retrieval of files from the bank. The exact FTP standard is defined by RFC 2228, a file transfer capability that is part of many software packages.

SFTP

Wells Fargo supports the industry standard File Transfer Protocol (FTP), secured with at least a 128-bit Cypher Strength SSH (Secure Shell). With Wells Fargo's implementation of SFTP, you can initiate both delivery of files to and retrieval of files from the bank.

AS2

Wells Fargo also supports the AS2 protocol, and https, which is commonly used for EDI file transfers. Our experience is that this option is best used by customers who use it as their primary file transfer protocol and have a Drummond certified AS2 solution.

Additional Transmission Methods

Wells Fargo also supports a suite of CONNECT:Direct file transfer options for customers who continue to use that style of file transfer.



3.1.6 (ME) Wires

The University utilizes incoming and outgoing wires for vendor payment, student fee payments and to send funds to faculty/staff doing work throughout the world, in U.S. dollars. The University prefers to create and use modifiable templates for recurring wires. Templates must be robust enough to include standard data and allow for a modifiable notes section to provide more detail. Wires must include value date functionality, which allows future dated wires to be entered in advance. Security features must include role level security access to allow for input and approval of wires from different individuals, prevent a single individual from submitting and approving their own wires and utilize recent technologies such as USB memory stick, key fobs or other security method. The University also requires clearly defined guidelines on deadlines for submitting and sending same-day wires. Outgoing wires must allow for input of sufficient information to identify the transaction. Incoming wires must include enough information for the University to identify the transaction. In instances where data from incoming wires is insufficient, requests for further information from the Contractor must be honored and the information provided to BSU by the Contractor at no additional cost.

The Proposer must provide a description of wire functionality including security features, a list of standard data elements, cut off times for same day delivery, guidelines for submitting and sending same day wires, and options surrounding the creation and modification of templates.

At Wells Fargo, we understand your need for flexible, secure wire initiation systems. Our emphasis on speed and efficiency in wire transactions ensures that we can deliver the wire transfer service products that best meet BSU's needs. We offer the following wire initiation systems:

Commercial Electronic Office (CEO) Wire Transfer Service

As part of the *CEO* portal, our Wire Transfer service allows you to make same-day and future-dated domestic wires, international U.S. dollar wires, foreign exchange wires, drawdown requests, and book transfers. In addition, our *CEO* wire transfer service offers BSU the following capabilities:

- Initiate and approve multiple wires from a single screen.
- Enter information into free-form wire screens for one-off wires.
- Create multiple use templates for recurring wires to save time, with the option to lock all template information fields except date and amount.
- Add, modify, and delete templates.
- File Upload Service uploads up to 200 freeform or templated wires at a time.
- Personalize each of your user's profiles to control access to accounts and wire services.



- Specify single or dual approvals before wires can be sent.

Available only to *CEO* portal customers, the *CEO* Wire Transfer report shows the status of wires initiated online with real-time updates.

In addition to these initiation services, the *CEO* portal offers Intraday reporting of incoming and outgoing wire transfer activity through *CEO* Treasury Information Reporting (TIR). The TIR Wire Transfer Detail report provides current-day detail on wires grouped by type: book transfers, Federal Reserve domestic wires, and international wires. You may also set your own parameters and run reports as needed.

An optional service, our *CEO* Event Messaging service provides email notifications for transactions requiring approval, rejected transactions, incoming/outgoing wires exceeding a certain dollar threshold, and other wire transfer events.

Telephone (Voice) Wire Transfer Service

When you choose telephone (voice) wire transfer service to initiate wire transfers, you can initiate wires by calling a toll-free number and speaking directly with a wire operator. A PIN-based security system ensures the safety of your information. Our Wire Transfer system automatically verifies ABA numbers and SWIFT addresses before wires are sent. We offer optional secondary callback approval procedures.

Automatic Standing Transfer Service

When you choose our Automatic Standing Transfer Service, we'll automatically initiate wire transfers or drawdown transfers for you on the dates you specify.

Available through *Commercial Electronic Office (CEO)* Treasury Information Reporting, we provide Intraday reports of incoming and outgoing domestic and international wire transfers, ACH debits and credits, controlled disbursement summary and detail, lockbox deposits with availability, lockbox detail, and cash letter deposits with availability. These reports include the following:

- Intraday Composite: Balance, summary and detailed transaction information, updated on a real-time basis throughout the day.
- Wire Transfer Detail: Shows comprehensive current-day memo-posted detail for all outgoing and incoming wires, grouped by type: book transfers, domestic wires, and international wires.

For wire transfer transactions, both of these reports show the account name and number, wire amount, process date and time, receiving bank,



corresponding bank, Fed reference number, internal reference/confirmation number, value date, currency, wire text, and the transaction status.

BSU can filter the data on all Intraday reports. You can also customize up to 100 report templates for immediate access each time you log on. With *CEO* Treasury Information Reporting, you can also search for specific transactions by type of wire, account number, dollar/range amount, Fed Reference number, posting date, time, or any combination of these criteria.

We accept all incoming wire activity from the Federal Reserve for as long as the Fed stays open, which is usually 4:30 p.m. MT. We credit the incoming wires the same day we receive them from the Fed. We process incoming SWIFT transactions until 5:00 p.m. MT.

The opening times and cutoff times by transfer type for initiating wires to ensure same-day execution are listed in the table below. The same times apply for all of our wire transfer initiation methods, including our Internet-based *Commercial Electronic Office (CEO)* Wire Transfer service, *Payment Manager* CPU-to-CPU service, and telephone (voice) service.

Wire Type	Opening Time (MT)	Cutoff Time (MT)
Fedwire intra-district	6:30 a.m.	3:30 p.m.
Fedwire inter-district	6:30 a.m.	3:30 p.m.
Drawdown request	6:30 a.m.	3:30 p.m.
International SWIFT	6:30 a.m.	3:30 p.m.
Book transfer/internal	6:30 a.m.	6:00 p.m.

3.1.7 (ME) ACH

The University utilizes incoming and outgoing ACH transactions for bi-weekly payrolls, financial aid disbursements, daily vendor payments, and on rare occasions, for fee payment. Files are created using a standard NACHA format and utilizing pre-notification for the initial deposit. Files are sent via a standard SSL with 128 bit encryption, minimum. ACH transactions requested by 2:00 pm Mountain time must be processed on the same business day. Incoming transactions must provide sufficient information to identify the transaction. Requests for further information from the Contractor must be honored and the information provided to BSU by the Contractor without additional charge.

The University prefers daily notification of returned ACH transactions. Notification must include date, amount, payee, description included on initial ACH, and the reason for the return. The University prefers to have this information available through a method download report via a web page in a format compatible with Microsoft Excel. However, the University discourages the use of any procedures which provides notification of these transactions via paper.

The Proposer must provide a description of the processing of incoming and outgoing ACH transactions including daily cut offs for same day processing, method of encryption, handling of returned ACH transactions, transactional information used for identification, and reporting of returned ACH.

Additionally, proposers may propose to provide ACH transactions with EDI addenda records and other formats (such as PPD, CCD, and CTX) as part of their proposals.

Wells Fargo has extensive experience providing our corporate customers with ACH services. Furthermore, we've been an industry leader since its inception.

Wells Fargo has offered Automated Clearing House (ACH) services since 1973. Further, we've been involved with ACH since the development of the Special Committee On Paperless Entries (SCOPE), which was formed in 1969 to develop an electronic payment alternative to checks. Through our involvement in NACHA payment councils, our development of new ACH applications, and our participation in NACHA pilots, we've played a leading role in the evolution of the ACH industry.

ACH Origination

When we receive your ACH transmission, we perform a number of tests to ensure that your files are formatted correctly, and that they are accurate. First, our system tests each file to verify NACHA format, mandatory content, and settlement date. If your file is rejected, we notify you immediately. If your file passes these tests, our system automatically confirms the receipt of your transmission, including the total items and



total dollars. It also generates a Transmittal Register (CNote). Transmittal Registers are available within 15 minutes of receipt of your transmission and can be sent to you via transmission or fax. You can choose to receive Transmittal Registers either as a report or in a data file format that can be downloaded directly into your system to fully automate the confirmation process.

We also support transmittal letters with verification call back from our ACH Operations group. On receiving your file, we reconcile entries to verify that the total items and dollars equal the totals in the transmittal letter. We notify you immediately if totals do not match, or if we receive a file without a transmittal letter.

Wells Fargo supports a variety of transmission options through our Secure File Transport suite of tools. Specific to FTP, Wells Fargo supports FTP/s. This tool uses Secure Sockets Layer (SSL) encryption to protect your files against unauthorized access. Further, we will soon offer a secure FTP protocol that utilizes Secure Shell (SSH) encryption. This offers even more sophisticated encryption capabilities.

ACH Reporting

Our Treasury Information Reporting tool, accessible through our *Commercial Electronic Office (CEO)* portal, provides a variety of intraday and previous day reports. All CEO reports have the option to be generated in Excel, BAI, and CSV formats

Intraday reports and the data they provide:

- ACH Origination - Summary information by ACH Customer ID for ACH files submitted for processing. Also includes detail information on transactions accepted or rejected.
- ACH Receive - Detail on all received ACH transactions that will post to your account at the end of the current day.
- ACH Return/NOC - Detailed information by ACH Customer ID for all ACH returns.
- EDI Payment Detail - ACH and EDI payment data and EDI remittance information.

Previous day report and the data it provides:

- ACH Customer Activity Report - Lists all ACH activity on your account, including settlement information, adjustment detail, and a summary of your return activity by account.



ACH Returns

Wells Fargo's sophisticated ACH system includes advanced return processing options that dramatically speed and simplify the handling of ACH return items:

- **Automated Matching Of Return to Originating Entry.** Our ACH system employs automated, artificial intelligence software to match return items to originating entries. The result is a match rate of over 99%, dramatically reducing the time required to research return items manually. For transactions that cannot be automatically matched to an origination entry, an ACH operator will manually review the return and, where possible, will match it with the correct entry.
- **Electronic Return Notification.** You can access return information through the Treasury Information Reporting system that's available as part of our *Commercial Electronic Office (CEO)* portal. You can also access return information through file transmission or fax. With transmission, we send your original transaction with the return information, enabling you to automatically post any returns to your receivables system.
- **Automatic Redeposit of NSF Returns.** Wells Fargo we can redeposit ACH debits and pre-authorized checks returned for non-sufficient funds (NSF). You have the flexibility of choosing whether you want items redeposited once or twice. Further, you can also choose whether you want items redeposited based on a particular dollar range.
- **Automated Return Dishonor.** Some returns may have invalid or insufficient return data, or they may be tardy. We automatically dishonor duplicate returns, transaction code mismatches, and inaccurate returns that cannot be matched to original items. BSU determines its own timeframe for items that are considered tardy, within NACHA rules. For tardy returns, we recommend an initial timeframe of three to five business days.
- **Dollar Range Redeposit Options.** Our automated redeposit and dishonor process can screen items by dollar amount, and return them to you if they fall within a prescribed dollar range that you choose.

ACH Settlement

Mountain Time-zone cutoff times for day cycle, night cycle, and same-day book transfers are listed in the table below:



Input Method	Day Cycle	Night Cycle	Same-Day Book Transfer (an optional service)
CPU-CPU	10:00 p.m. MT for two-day settlement	7:00 p.m. MT without remake for next-day settlement	5:00 p.m. MT
PC/Secure File Transport	10:00 p.m. MT for two-day settlement	7:00 p.m. MT without remake for next-day settlement	5:00 p.m. MT
Internet ACH	7:00 p.m. MT for two-day settlement	7:00 p.m. MT for next-day settlement	5:00 p.m. MT
Touchtone Phone	N/A	7:00 p.m. MT for next-day settlement	N/A

Pre-notifications are optional but we recommend using them for credit applications. If there are errors in bank or account numbers, your payees may not receive their payments on time. By taking this simple step, you can be confident you're your payments will be correctly processed.

We don't recommend pre-notes for debit applications. Our ACH system's credit union translation feature automatically corrects entries with incorrect bank numbers. As a result, pre-notifications are generally not necessary.

Pre-notifications are not available for beneficiaries outside the United States.

ACH Transmission Methods

Wells Fargo supports several transmission methods via our standard file delivery tool Secure File Transport including https, FTP/s, SFTP and AS2. These highly secure Internet delivery methods offer advantages over older telecommunications methods. More detail about each of these methods follows:

HTTPS

Secure Sockets Layer (SSL) secures your file transfer sessions when delivering or receiving files. You can use a Wells Fargo-issued digital certificate to perform authentication. You have the further option of handling file transfers via a browser or in an automated environment.



In a browser environment, you can manually access the Wells Fargo Secure File Transport tunnel through any browser equipped with at least 128-bit SSL encryption. No additional software is required.

You can automate access to the Wells Fargo Secure File Transport tunnel using client software. Wells Fargo offers client software at no additional cost, or you can use a third-party client software. The Wells Fargo client software is available in Windows or UNIX versions.

FTP/S

Wells Fargo supports the industry standard File Transfer Protocol (FTP), secured with at least 128-bit Cypher Strength SSL. With Wells Fargo's implementation of FTP/S, you can initiate both delivery of files to and retrieval of files from the bank. The exact FTP standard is defined by RFC 2228, a file transfer capability that is part of many software packages.

SFTP

Wells Fargo supports the industry standard File Transfer Protocol (FTP), secured with at least a 128-bit Cypher Strength SSH (Secure Shell). With Wells Fargo's implementation of SFTP, you can initiate both delivery of files to and retrieval of files from the bank.

AS2

Wells Fargo also supports the AS2 protocol, and https, which is commonly used for EDI file transfers. Our experience is that this option is best used by customers who use it as their primary file transfer protocol and have a Drummond certified AS2 solution.

Additional Transmission Methods

Wells Fargo also supports a suite of CONNECT:Direct file transfer options for customers who continue to use that style of file transfer.

3.1.8 (ME) MERCHANT SERVICES

The University accepts credit card transactions for a variety of reasons including in-person point-of-sale transactions utilizing standard swipe machines, online transactions utilizing secure web pages, and for payments received when the cardholder is not present. The University is also interested in the use of wireless devices for certain transactions. Merchant services provided must be able to interface with existing hardware and software across campus. Although the University has

existing hardware, the Contractor must assist with new or replacement hardware as needed. Given the variety of locations and methods, the University is interested in analysis tools designed to ensure merchant services are set up in the most cost effective way and with the most cost advantageous rates. The University will work with the Contractor to review existing and changing trends of each merchant number.

The University requires that transactions settled by 11:00 pm Mountain time be deposited into a designated cash account no later than the following business day. Under no circumstances shall cash be held by the Contractor for the purpose of generating interest.

The University prefers to be notified of charge backs within forty-eight (48) business hours after the Contractor is notified by the consumer. Delays in notifying the University longer than forty-eight (48) business hours are not acceptable. The University prefers an electronic method of communicating charge backs, such as a standard downloadable report or email. Faxed notifications must be avoided as they create a very cumbersome procedure that is difficult to manage.

The Contractor must be compliant with all relevant PCI security standards, and must be able to show proof of such certification.

The University takes action to ensure PCI/DSS compliance standards are met. Describe the proposed services to ensure the University is compliant with PCI/DSS requirements including the methodology for determining the appropriate level, policies utilized if a compliance breach occurs, and communication procedures employed.

The University prefers an electronic method for the reporting of transactions, transaction costs and equipment and software costs.

The Proposer must include a detailed description of the services available and the procedures used for all needs expressed above. In instances where procedures vary, such as daily cut off times or methods of delivering information, the Proposer must indicate the difference and describe the alternative procedure to satisfy the need. The Proposer must also include detailed fee information for each type of service. Alternative services that are not described in this RFP but would benefit the University should also be described in the response, accompanied by detailed cost information for such services. The University reserves the right to either include or not include the alternative services in the contract award.

Wells Fargo Merchant Services, LLC (“Wells Fargo Merchant Services”) is only responding to the merchant processing sections of this Request for Proposal. Wells Fargo Merchant Services would like to clarify that the Merchant Processing Agreement and the Bank Agreement are separate Agreements. We are providing a copy of our Merchant Processing Agreement which we request to have incorporated into and become a part of the final Agreement between Wells Fargo Merchant Services and Boise State



University. If awarded the bid, we are willing to negotiate mutually acceptable terms and wish to clarify that the remaining terms of the Request for Proposal will not apply to the provisions of our services.

In addition, Boise State University should be aware that the processing of credit and debit card transactions is subject to the terms, conditions, policies and procedures of the Visa and MasterCard Associations and the non-bankcard issuers. All Card Processing responses in this document are subject to the Wells Fargo Merchant Services Agreement. If there are conflicts with the terms and conditions in the Wells Fargo Merchant Services' Merchant Services Agreement and the terms and conditions in this Request for Proposal, Wells Fargo Merchant Services will negotiate in good faith to resolve. The terms, conditions, policies and procedures of the Visa and MasterCard Associations and the non-bankcard issuers are independently established and beyond Wells Fargo Merchant Services' control.

Utilizing the Cardnet authorization and data capture network, Wells Fargo Merchant Services can accept settlement files at anytime during the day. Our cut off for dial transmission, data capture solutions (POS terminals and ECR's) is 11:00 p.m. PT.

Data capture files received by the established call times are funded in the following manner:

VISA, MASTERCARD, PIN DEBIT, DINERS – LICENSE AND JCB - LICENSE					
Transaction Day	Dial Batch Settlement File Submission	Settlement File Processing	Wells DDA Funding	Wire Transfer Funding	ACH Funding
Mon	Tue	Tue	Tue	Tue	Wed
Tue	Wed	Wed	Wed	Wed	Thurs
Wed	Thurs	Thurs	Thurs	Thurs	Fri
Thurs	Fri	Fri	Fri	Fri	Mon
Fri	Sat	Sat	Mon	Mon	Tue
Sat	Sun	Sun	Mon	Mon	Tue
Sun	Mon	Mon	Mon	Mon	Tue

Note: For ACH deposits, projected funding may vary, and the actual time could be longer dependent on DDA bank status with the Fed (i.e., direct member).

Wells Fargo Merchant Services will notify the merchant of all media retrieval requests by daily fax within 24 hours of our receipt of notice from the cardholder's issuing bank. Real time access of all retrieval/chargeback



information is also available through ClientLine® using a system called eIDS.

WFMS offers the capability to process transactions from almost any terminal (including wireless devices), POS system and PC workstation. WFMS takes a partnership approach, and will focus on understanding BSU's needs and providing the best ongoing solutions to fit your business.

Wells Fargo Merchant Services is Payment Card Industry standard (PCI) certified and compliant. The PCI standard, created by the Bankcard Associations, follows the Visa Cardholder Information Security Policy (CISP) and MasterCard Secure Data Protection (SDP) programs.

Wells Fargo Merchant Services has an Association Compliance Department with three staff members dedicated to merchant PCIDSS compliance. Wells Fargo Merchant Services' Association Compliance staff specializes in compliance and is not an information security consulting area. However, Wells Fargo Merchant Services has been able to successfully leverage its industry and association contacts to address any and all PCIDSS related questions and issues from its merchants.

Our staff takes merchant conference calls on a daily basis, regularly works with merchants and their assessors to understand the unique challenges to full compliance that the merchant may have within their environment, and provide clarification to both the assessor and the merchants as to what would be acceptable to both Associations and Wells Fargo Merchant Services. Wells Fargo Merchant Services has many resources both within the associations and the assessor community that it utilizes when elevating mitigating controls, to ensure that Wells Fargo Merchant Services' merchants are meeting control objectives in the most efficient and secure manner possible.

Wells Fargo Merchant Services has partnered with Ambiron TrustWave in the development and implementation of the Risk Profiler application. This application reviews a merchants processing environment for known information security risks and helps Wells Fargo Merchant Services educate merchants on the severity of the risk within their processing environment.



3.1.9 (ME) Customer Service

The University requires a single point of contact for customer service needs rather than pooled resources or being included in a queue for service. The required problem resolution time-frame is resolution within 24-hours after notification by the University.

The Proposer must provide a description of the customer service model including how assignments are made, escalation practices, average time for problem resolution, and procedure for working with another individual if single point of contact is out of the office.

Wells Fargo Bank's Service Philosophy is to deliver one-stop service to our clients. As your Commercial Relationship Manager, Linda Armstrong is the primary contact for the University and will work closely with your staff to ensure they receive a solid understanding of the role of each one of her relationship team members. At any point where questions arise as to who to contact on a specific topic or if resolution is not getting accomplished, Linda and her local relationship team are the people to call. She will coordinate the appropriate partners as necessary as certain questions and opportunities present themselves.

Your Local Relationship Team

The Regional Commercial Banking Office (RCBO) Relationship Team in Boise consists of Linda Armstrong, Commercial Relationship Manager, who oversees all aspects of the banking relationship, Aaron Book, Credit Relationship Associate, whose primary focus will be supporting any credit aspects (i.e. overdrafts/ACH) and customer service inquiries of the relationship and Launa Rightmeier, Treasury Management Relationship Associate, whose key responsibility will be to oversee the company's operational and treasury management needs including changing parameters to all your accounts including signature authorities, document follow-up, and general customer service items. She is your liaison to your dedicated Client Service Consultant, Maria Zamagni (see below), and handles the University's more complex customer service items. Also supporting the relationship and located in the Boise RCBO office will be our Customer Service Manager, Michele Hadley, who supervises the Treasury Management Relationship Associates and manages the overall operational and compliance risk of the RCBO, and our Treasury Management Sales Officer, Ed Hiddleston who will work with BSU for any new treasury management services.

Dedicated Client Service Consultant

Given the high value relationships we have in the Regional Commercial Banking Office, our clients are assigned a dedicated Treasury Management Client Service Consultant. Assignments are made based on the types of services



clients will be using as well as the volume of activity expected on accounts. Our more experienced consultants are placed with the clients the size of BSU. Your dedicated Client Service Consultant is Maria Zamagni along with her assigned back-up Service Partner, Zuide Alexander. Maria will take immediate ownership and manage issues through to resolution. She will also follow-up with you and communicate status of research requests. Maria will work closely with University staff at the direction of the local Treasury Management Relationship Associate, Launa Rightmeier and the local Customer Service Manager, Michele Hadley to conduct research requests on the University's behalf.

Maria is a skilled problem solver; she will be responsible for communicating the outcomes of daily, moderate to complex banking issues either directly to the University or depending upon the complexity of the situation to the Boise Relationship Team. Maria will be your main point of contact in providing operational support and day-to-day service needs. The Wells Fargo Treasury Management Client Service Consultants make-up a dedicated team of professionals that have an infrastructure to track issues, identify the root cause of any errors and ensure timely resolution. Our Client Consultants take pride in reports that track performance, consistently resolving issues within the 24 hour expected timeframe of the University, for those issues where resolution is reasonably expected and achievable within those parameters.

If single point of contact is out of the office:

Maria's assigned back-up Service Partner is Zuide Alexander. Zuide can be reached at 415-243-7566 from 8:30AM to 5:30PM. Keep in mind, your local Relationship Team, Linda Armstrong, Launa Rightmeier, Aaron Book and Michele Hadley throughout this entire process are always available to answer questions and coordinate the resolution of more complex client issues or to offer direction as to the appropriate team member to handle University requests.

You may also choose to call (800) 289-3557 for any available Client Service Consultant. Client Service Consultants are available between the hours of 6:00AM and 6:00PM PST. Again, all Client Service Consultants are skillfully trained to take immediate ownership and manage the issues through to resolution. The Client Service Consultants will also follow-up with your dedicated Consultant, Maria, upon her return to ensure continuity of items still pending resolution.

Average time for problem resolution:

The following parameters are general guidelines regarding more common problem resolution items. We will work with the University to establish Service Level Agreements for its specific needs.



ACH

ACH Domestic (Outgoing/Incoming) research will be resolved within 3 business days of receipt of issue. ACH International research will be resolved within 30 business days.

Research includes:

- Transaction Verification
- Missing Reports
- Beneficiary Claims non-receipt
- Back-Value
- Deletes/Reversal Documentation
- Originator Contact
- Recalls
- Return Detail
- Returns Correction
- Originator Information
- Unauthorized

PHOTOCOPY REQUESTS

Inquiries with a work date less than six months old will be resolved within 24 hours; Inquiries with a work date greater than six months will be resolved within 5 days when the University provides the following:

- Transaction Date
- Transaction Amount
- Deposit Amount Total, if deposited item or Lockbox
- Batch Total, if Lockbox item
- Lockbox Number (if lockbox item)

ADJUSTMENT DOCUMENTATION

Adjustment back-up documentation will be mailed to the statement address. In the event that the documentation is not received, a request can be submitted to the Customer Service Consultant. Adjustment documentation requested within 6 months of posting will be provided within 5 business days. Requests for items over 6 months will be provided within 7 business days. The University to provide the following:

- Adjusted Account Number
- Transaction Date
- Transaction Amount

COLLECTIONS

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Collections for NSF and for Endorsement related cases could take up to 90 days to resolve. Collection cases will remain open until funds are received, or denied from drawee/payer bank.

Required for NSF collections:

- Original Check (or certified photo)
- Return Item date

Required for Endorsement related collections:

- Affidavit (notarized)
- Original item

RETURNED ITEMS CHARGED IN ERROR

Credit will be issued to University within 2 business days if the inquiry is placed within **60 days** of the charge back date and when the University provides the following:

- Original returned item bearing Wells Fargo Bank's endorsement
- Copy of the debit advice

If the inquiry is placed more than **60 days** after the charge back date, or if the University is unable to provide all the above information, credit will not be issued. The item will be investigated and adjusted to the University account after the investigation has been completed if the bank has collected the value of the item from the drawee/payer bank. Completion SLA is 90 days for items received by bank after 90 days from charge back date.

LATE RETURN CLAIMS

A claim for late return will be handled "without entry"; no credit will be given to client. The claim will be processed via normal research channels. Response on late claims usually takes up to 60 days, (45 calendar days). Late claims must be made within **60 days** of charge back date.

Client needs to provide the following:

- Original Item
- Advice of charge

Credit will be provided if and when bank receives credit on claim. If a claim is denied, an explanation letter for denial of the claim will be provided.

Additional Info related to Late Claims

- Items under \$100.00 are not eligible for late claims via FED.
- Financial Institutions are allowed up to 6 months to charge back items on missing cash letters, i.e. photos in lieu of original charged back within 6 months are permitted by FED guidelines under this scenario.

Financial Institutions have up to three years to charge back for fraudulent endorsement items. Usually these are charged back via collections.



RETURNED ITEM DUPLICATE CHARGE

Wells Fargo Bank will issue credit to University within 2 business days of receiving duplicate charge inquiry if the inquiry is placed within 60 days of the transaction date and when University provides the following:

- Photo of first item charged and original of second item charged bearing Wells Fargo Bank's endorsement
- Copy of both of the debit notices

If the inquiry is placed more than **60 days** after the transaction date, or if the University is unable to provide the above information, credit will not be issued. The item will be investigated and the University account will be credited after the investigation has been completed if Wells Fargo Bank has collected the value of the duplicate item from the payer bank. Completion SLA is 90 days for items received by bank after 60 days from charge back date.

WIRE RESEARCH

Domestic Wires (Outgoing/Incoming) research will be resolved within 5 business days of receipt of issue by the Client Service Consultant.

International Wires research will be resolved within 15 business days.

Research includes:

- Transaction Verification (Service Message)
- Amendments
- Beneficiary Claims non-receipt
- Wire additional information inquiry
- Originator Information (Service Message)
- Wire Recall
- Wire Return
- Unable to apply / Need more information (Service Message)

EXCEPTIONS TO SERVICE LEVEL AGREEMENTS

Items aged over 6 months may require 10 days or longer depending on age of item. Project requests in excess of 25 items, will be completed on a negotiated completion timetable. Items received after 2:00 PM PST will be considered received on the following business day. A Service View case will be opened but assigned as a next day request.



3.1.10 (ME) Audit Services

The University is required to undergo an annual audit by a third party auditing firm. The Proposer must work with the University to provide timely year-end reports and must work with the auditors as needed.

The Proposer must provide a detailed description of how it will provide the above requirements.

Year-end audit information must be routed through your local Relationship Management team in Boise. Upon receipt of these requests they will have the requests completed by the appropriate group(s) and returned per the directions of your audit team. Requests can be sent to the address below:

MAC U1858-032
877 W. Main St
Boise, ID 83702

3.2 Web Solutions Requirements

The University prefers to accommodate banking services online whenever possible. Where the University has noted a "preference" (i.e., use of the word "prefer") in the following subsections under 3.2, the Proposer must identify where preferred services are not offered, either in whole or in part, and describe alternative services offered by the Proposer intended to satisfy the stated need.

3.2.1 (ME) Reporting and Data Management

The University must have the ability to make online cash transfers between University-owned cash accounts and prefers to have memo-posting functionality. At times the University's cash account may be overdrawn, and so the Proposer must describe the procedure for handling temporarily overdrawn accounts. Additionally, the University prefers to have all funds invested overnight with the intention of receiving the highest return while remaining compliant with safeguarding requirements.

Authorized University personnel must be able to obtain or assign access to a specific cash account(s) and modify characteristics of the account as necessary. Statement information must be internet based and not rely on proprietary software or modem relay. Data must be available to download into Excel 2000 or a newer version. Specified individuals must be able to access data real time throughout month cycle to particular accounts. Reporting tools must be robust enough to allow for both standard and ad hoc reports/data. Online transactional data must be available for a minimum of 90 days.

The University requires a month end close on the last business day of the month with month end statements for selected accounts available online the first business day of the next month, followed by a paper statement. Statements must include at a minimum the following data elements; previous day ledger, collected and available

balances, total credits, one day float, two day float, floating adjustments, total debits, transactional details (dollar amount, specific account number, and description of transaction). If coding is used to identify a transaction type it must be of sufficient detail for transactions to be recognized and should not include 'miscellaneous' or 'other' categories. A legend must also be provided to assist University personnel with transaction identification. An individual statement is needed for each cash account. Statements summarizing the entire University portfolio are not necessary.

The Proposer must describe services that will satisfy the above requirements. Alternative services that are not described in this RFP but would benefit the University should also be described in the response, accompanied by detailed cost information for such services. The University reserves the right to either include or not include the alternative services in the contract award.

Online cash transfers can be made between University-owned accounts as part of the *Commercial Electric Office* web portal. Our Wire Transfer service allows you to make same-day and future-dated domestic wires, international U.S. dollar wires, foreign exchange wires, drawdown requests, and book transfers. Book transfers made before 6:00 p.m. will be memo-posted to the accounts.

The Boise Wells Fargo Relationship Team reviews the status of account balances each morning and will notify a designated Boise State University representative in the event an overdraft is identified in any of its accounts. A plan for resolution of the overdraft must be identified by 10:30 MT. In general overdrafts are charged a fee per account per day. In the event the overdraft results in the use of uncollected funds, there may be an additional interest charge on the funds used.

Overnight Investment Options

Wells Fargo offers multiple options of *Stagecoach Sweep* cash management services, including the Repurchase Agreement Option or Money Market Funds Option.

Our *Stagecoach Sweep Repurchase Agreement* service automatically sweeps excess collected balances into interest-bearing repurchase agreements. At the opening of the next business day, the funds are returned to your account. This sweep service allows you to generate additional earnings overnight while maintaining access to your cash during the day.

Note: Investments in repurchase agreements are not deposits, are not insured by the Federal Deposit Insurance Corporation and are not guaranteed by the United States government or any agency of it, or by the bank, nor is it the bank's obligation to repurchase company's interest in any securities. The securities held by Wells Fargo as collateral may or may not be guaranteed by the U.S. Government, but such guaranty



does not flow to you, the investor. All securities carry investment risk and may lose value. General banking assets may be used to satisfy Wells Fargo's obligations under a repurchase agreement. The interest rate on a repurchase agreement is not the same as the rate on government securities. The repurchase agreement contains specific provisions and additional disclosures. Please read it carefully.

Our Stagecoach Sweep Money Market Funds service automatically sweeps excess collected balances into omnibus accounts holding money market mutual funds. Funds stay invested until you need them, allowing you to generate additional earnings without sacrificing access to your cash.

If your checking account balance is above your target balance at the end of the day, excess balances are automatically swept from your account and are invested in a non-FDIC insured, non-bank guaranteed money market mutual fund the next morning, when the market opens.

Regardless of which option you choose, our *Stagecoach Sweep Service* offers the following benefits to BSU:

- **Same-Day Sweep** - Interest income is maximized by using daily collected balances to increase investment balances.
- **Daily Interest** - Investment interest is paid daily and is available for immediate reinvestment the following day.
- **Automated Investment of Funds** - Eliminates costly or time-consuming funds movement associated with manually transferring funds to/from investment accounts.
- **Accuracy of Funds Transfer** - Since the sweep transfer is performed after all of the day's debits and credits have been tabulated, accidental account overdrafts are impossible.
- **Detailed Reporting** - Investment confirmations can be provided daily, online via the *Commercial Electronic Office® (CEO®)* portal detailing the amount invested. Activity is summarized at the end of the month in a clear, concise online statement.

Note: This is just a summary. Please see the full description of the sweep product and set of disclosures set forth in the Wells Fargo Stagecoach Sweep Service Description, which shall control. Wells Fargo Funds Management, LLC, a wholly owned subsidiary of Wells Fargo & Company, provides investment advisory and administrative services for Wells Fargo Advantage FundsSM. Other affiliates of Wells Fargo & Company provide sub-advisory and other services for the Funds. The Funds are distributed by Wells Fargo Funds Distributor, LLC, Member NASD/SIPC, and affiliate of Wells Fargo & Company. Any investments in the money market mutual funds will be wired out of your account at Wells Fargo into an omnibus account held with the mutual fund, which is a separate entity from the bank. Your investment in a mutual fund will be pooled with other investors in the Wells Fargo's general account with the mutual fund. An investment in a money market mutual fund is not insured by the Federal Deposit Insurance Corporation or any other government agency. Although the mutual funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a money market mutual fund. In addition, mutual funds are not guaranteed by Wells Fargo. For more information regarding the sweep option you chose, obtain a current prospectus by visiting



www.wellsfargo.com/advantagefunds, or by contacting your Wells Fargo relationship manager. Consider the investment objectives, risks, charges and expenses of the investment carefully before investing. This and other information about Wells Fargo Advantage Funds can be found in a current prospectus. Please read it carefully before investing.

**NOT FDIC INSURED · NO BANK GUARANTEE · MAY LOSE VALUE*

Authorized individuals from Boise State University will be directed to contact their Boise-based Relationship Associate dedicated to the BSU relationship when the need arises to open, close, or modify any characteristics of the BSU account structure, or to accommodate changes in daily operations.

This process will be the same when the need arises to modify signature authority on any of the BSU accounts. Each account will be identified with a separate Commercial Account Authorization and Agreement (Signature Card). Updates to these agreements will be facilitated by completion of a Signature Amendment to the Commercial Account Authorization and Agreement (Signature Card). Accounts will be opened and/or closed upon receipt of written requests from individuals authorized to perform such tasks within Boise State University's Corporate Resolution, which will be executed upon establishment of the banking relationship.

Once accounts have been established, Boise State University will identify company administrators who will have access to an administration tool via the CEO web portal. CEO Self Administration can be used to easily control employee access and authorizations related to accounts, and can be used to set up and maintain employee access to web based services.

Monthly statements can be generated on a fiscal calendar basis without issue. Wells Fargo requests that customers provide monthly statement cutoff dates one year at a time 30 days prior to the first statement.

Wells Fargo provides access to its reports through Treasury Information Reporting via our *Commercial Electronic Office (CEO)* portal. Wells Fargo's reporting includes all transaction types that post to your accounts. Our standard storage provides seven days of history, with all report options available to view in HTML or PDF and download into a XLS, BAI v2 and CSV file. Additional storage of report information is available for 30, 60, and 90 calendar day histories.

- **Previous or Intra Day Composite** - Comprehensive balance, transaction summary, and transaction detail information for all your Wells Fargo accounts, including sweep accounts.



- **Sweep Account Position** - Complete sweep account information, including investment positions for the next day and end-of-day, previous-day investment balance, previous-day dividends earned, month-to-date dividend accruals, and total book value of cash for the next day.
- **DDA Cycled Statement** - An electronic statement of DDA (checking) activity, available the next business day after your statement cycle cutoff, so you don't have to wait for statements to arrive in the mail.
- **Account Reconciliation (ARP) Statements and Reports** - Full and partial ARP statements and reports available promptly after statement/report cycle cutoffs, eliminating the need to wait for reports to arrive in the mail.

BSU can filter all report data to reflect your needs. You can customize up to 100 report templates, which can be saved as "My Reports" for easy access to reports using the same criteria in the future. Users can generate reports in their "My Reports" and save to a panel they access from the *Commercial Electronic Office (CEO)* portal homepage.

3.2.2 (ME) RECORD OF PAID CHECKS

A status of paid checks must be available online on an ad hoc basis throughout the month. At month end, status must be presented monthly via an electronic means such as CDROM and include an image of front and back of check. (The University prefers CDROM; however, other standard industry electronic methods of presenting monthly status may be acceptable. Proposer must identify within its proposal any alternate proposed methods.) Checks must be organized into sequential order by check number within individual cash accounts.

The Proposer must provide a detailed description of how it will provide the above requirements.

Wells Fargo captures paid check images and makes them available to customers via three delivery channels: Image File Import, WellsImage CD-ROM, and Online via the *Commercial Electronic Office (CEO)* portal.

- **Image File Import.** Our preferred image delivery service, Image File Import provides you with a daily transmission of paid check images and associated index information via Secure File Transport. Your image files will be available for downloading into your own internal archive system as early as 9:00 a.m. MT the day after posting. During the implementation phase, you choose whether you want the files to be sent to you in xml or PDF format.



- **WellsImage® CD.** With our *WellsImage* CD service, you can access digital images of your paid checks on CD-ROM. *WellsImage* CDs, which can hold up to 30,000 check images (front and back), can be delivered on a weekly, monthly, or fiscal calendar basis, and are available eleven business days after CD ROM cycle cut-off. Data and images can be archived and viewed via the Bank's state-of-the-art *WellsImage Viewer* software.
- **Online via the CEO portal.** Online image retrieval is available as part of our Stops-Images-Search service. Accessible through our *CEO* portal, this service makes images available for retrieval by 7:00 a.m. MT the day after they're posted. In addition to viewing items online, you can also print or download them to your computer. Once downloaded, check images can be faxed, emailed, etc.

3.2.3 (ME) Stop Payments

The University must have online access to request an immediate stop payment on an issued check. The University also desires the ability to release a stop payment request online, if necessary. The Proposer must provide a description of the procedure utilized to request a stop payment, including the average timeframe for a request to be completed, and whether or not the ability to release a stop payment request is available online.

In those situations where you need to issue a stop payment order, it's typically essential that it be executed as quickly as possible. Wells Fargo gives you three ways to expedite stop payment orders:

- Over the Internet through our online *Commercial Electronic Office (CEO)* portal.
- Electronic transmission by including the stop payment information in your ARP issue file.
- By telephone using our InfoTouch® telephone service.

With all of these services, you can submit your stop payment requests 24 hours a day, seven days a week. Further, your request is processed in real-time, and requires no manual intervention. Stop payment requests can be made as late as 7:00 p.m. MT and still receive same-day posting.

When a stop payment order is submitted, our system automatically verifies whether the check was paid before the order is accepted. In verifying if a check has been paid, the system examines 180 days of history.

Stop payments remain in effect for six months. After this period, our commercial clients may take advantage of our Stop Renewal service. Stop Renewal gives you the ability to extend stop payments for up to six years (in 12 month increments), specify a pre-determined dollar threshold for automatic stop payment renewal, limit the number of times a stop payment will be automatically renewed, etc.

BSU does have the option to initiate a stop payment order on a range of checks. However, this requires that you first contact your Treasury Management Client Services representative to make the necessary arrangements.

By ensuring that your stop payment orders are processed as quickly as possible, and that they remain in force for an extended period of time, this comprehensive approach to stop payment requests minimizes your risk.

3.3 (M) PERSONNEL CHANGES

Boise State University must approve all personnel changes from the original assigned personnel identified at time of contract award. Boise State University reserves the right to request the replacement of any person assigned to this contract by the Contractor and the Contractor must endeavor to comply with these requests."

Wells Fargo will endeavor to comply with Boise State University's request regarding personnel changes. In the event BSU is unhappy with a particular team member assigned to its relationship, it may voice its concerns to the Bank and the issue will be discussed on a case-by-case basis.

4.0 OPTIONAL SERVICE REQUIREMENTS

Where the University has noted a "preference" (i.e., use of the word "preferred") in the following subsections under 4.0, the Proposer must identify where preferred services are not offered, either in whole or in part, and describe alternative services offered by the Proposer intended to satisfy the stated need.

4.1 (E) Pre-Loaded Debit Card Services

The University is seeking a banking option that allows for advancement of funds to individuals without the risks associated with cash advances. In concept the University is looking for a vehicle similar to preloaded debit cards with the following preferred characteristics: cards that can be preloaded and reloaded, ability to inactive a card in the event of loss or theft, ability to withdraw cash from ATM machines, functionality to also use card as credit card at point of sale transactions.

Please provide a description of the services offered that accommodate the needs described above. The use of third parties to accommodate this need must be disclosed as well as a description of how the University and the third party would work together for customer service needs and problem resolution.

Wells Fargo offers several card products that could assist in the advancement of funds to individuals and fulfill the characteristics you have specified. Depending upon the situation there are several card programs available, including the Wells Fargo Stagecoach Prepaid Card service, the Wells Fargo PayCard Service, the *WellsOne* Commercial Card Declining Balance Card, and the Wells Fargo Gift Card program.

Wells Fargo offers two reloadable Visa branded prepaid card products geared towards Universities; the PayCard product and Stagecoach(SM) University Prepaid Card product. These products allow schools to disburse funds to individuals electronically via a prepaid card, eliminating the need for cash or checks.

The PayCard is designed specifically for payroll disbursement purposes. The Stagecoach University Prepaid card is designed to be offered to a broader population for a wide range of disbursements.

Stagecoach University Prepaid Cards

The Wells Fargo Stagecoach University Prepaid Card service will allow the University to make payments to prepaid cardholders by depositing funds to the cardholder's specified card number via transfer through the Automated Clearing House (ACH). Each cardholder can then access the deposited funds by using their prepaid card at ATM and point of sale networks, as well as any financial institution or merchant that accepts VISA debit cards.



Prepaid cards are ordered by the University via an easy to use website. For larger card orders a batch file may be submitted. Cards are then either shipped directly to the individual cardholder or shipped in bulk to the University.

Cards can be used to make purchases at Visa and Interlink merchant locations worldwide. The card can be used to access cash at all Plus ATMs. The Stagecoach University Prepaid card also has a card to bank account transfer capability, making it a product that satisfies the needs of cardholders with and without bank accounts.

Wells Fargo provides full customer service to cardholders for the University. Cardholders have access to the card balance and transaction information 24 hours a day via the prepaid website and 1-800 customer service. Transaction history can also be provided via a paper statement if the cardholder desires.

Wells Fargo offers its Prepaid Card service using Wildcard Systems provided by Fidelity National Information Services (FNIS). However, Wells Fargo provides full customer service to the University and its cardholders.

Wells Fargo PayCard

The Wells Fargo PayCard program is an alternative to payroll checks and can be used to pay your employees electronically, including those without bank accounts. Employees have immediate and convenient access to funds via ATM or point-of-sale networks anywhere VISA is accepted.

The University will establish the employee PayCard account via a web-based tool at which time a request for a new card will be created and sent to the employee within 5-7 days. Payroll files are transmitted to Wells Fargo via ACH as part of the University's direct deposit file.

Wells Fargo offers its PayCard program using Wildcard Systems provided by Fidelity National Information Services (FNIS). However, Wells Fargo provides full customer service to the University and its cardholders.

WellsOne Commercial Card – Declining Balance Card

As an existing *WellsOne* Commercial Card participant, Boise State University currently has the ability to take advantage of Declining Balance Cards and their variety of uses. Declining Balance Cards are just one of the many account parameters and controls BSU's Program Administrator can set when issuing *WellsOne* Commercial Cards. Declining balance



cards allow BSU to pre-set cards with budgeted spending amounts and periods of time that cards are active. Our customers sometimes issue them for the following uses:

- Employee Relocation
- Uniform Allowances
- Petty Cash
- Grant Fund Management
- Student Loans
- Flexible Spending Accounts
- Project Budgeting
- Employee Temporary Assignments
- Teacher Classroom Funds

Most purchasing card customers wish to retain as much control as possible over the day-to-day administration of their programs. However, they don't want to compromise security or performance by giving too much authority to too many different individuals. BSU can assure cardholder satisfaction and the right degree of responsiveness by granting your designated Program Administrator(s) the ability to perform the following tasks, anytime, anywhere, through Wells Fargo's web-enabled applications:

Servicing BSU cardholders

- Resetting passwords
- Editing cardholder profiles
- Changing credit limits
- Updating users' roles
- Moving cards
- Changing approvers
- Producing offline cardholder statements, when necessary
- If BSU wishes to take advantage of the Out-Of-Pocket reimbursement feature, using Wells Fargo system reports to manage the payment function. For example, he or she may pass data to your payroll department for those employees who don't have checking accounts, or who have incorrectly entered checking data into their profiles

Servicing BSU departments

- Accessing all available reports
- Generating T&E reports for BSU's Travel department
- Creating data downloads for BSU's GL interface
- If suspected abuse has been detected on submitted cardholder statements, assisting BSU's Accounting department



Overseeing and administering the program

- Disabling users
- Canceling cards
- Creating new users
- Requesting new cards
- Maintaining BSU's preferred hierarchy
- Specifying account parameters
- Managing statement review status
- Analyzing expenditures on a daily, weekly or monthly basis, or furnishing the data for others to do so
- Creating custom report queries
- Notifying people of any changes to the program by BSU, Wells Fargo, or Visa
- If a vendor is not currently capable of processing cards, contacting Wells Fargo's Supplier Connection; we will then work with the vendor to set up merchant processing
- Reviewing online invoices, reconciling, and monitoring debit of funds for the Wells Fargo designated account
- Making your Account Manager aware of any issues, problems, or ideas you have for improving the program

With a clear understanding of BSU's purchasing card standards, policies and procedures, your designated Account Manager will train your Program Administrator to perform all the tasks you expect of him or her. To maximize program value, we also recommend making your Program Administrators responsible and accountable for the following tasks:

- Notifying Wells Fargo of any card cancellations and contacting us immediately at 1-800-932-0036 with terminations or upon the loss of an employee
- Developing and maintaining commercial card procedures
- Promoting commercial card program awareness and appropriate utilization
- Processing internal applications for new users
- Providing orientation sessions for new cardholders and/or approvers prior to card distribution
- Assisting cardholders with disputed card charges and other "self-service" functions available to them online

At minimum, BSU must provide a point of contact who maintains a working knowledge of your company's purchasing, accounting and time and expense policies to act as program liaison between your company and your Wells Fargo Account Manager.



In the event that a card is stolen or a fraudulent charge is suspected of a cardholder, it should be reported to Wells Fargo by telephone at 1-800-932-0036, followed by email confirmation as soon as possible. BSU has no liability for charges made once a card has been properly reported to Wells Fargo as lost or stolen.

If eligible, the Commercial Card program provides up to \$100,000 per card, per year, liability protection through MasterCard to protect against fraudulent use of the Commercial Card by the cardholder. This protection is provided is provided to BSU at no charge, if eligibility is met.

The Business Purchasing Service Center (BPSC) Fraud Detection Team is dedicated to monitoring the portfolio seven days a week in search of fraudulent and suspicious transactions. This activity includes counterfeit and skimmed accounts, as well as employee abuse and suspicious merchant activity.

For no additional charge, we will replace lost or stolen *WellsOne* Commercial Cards, usually within 48 hours. Should BSU need new cards in less than three to five days domestically or five to seven days internationally, Wells Fargo can deliver these rush orders in 48 hours for a nominal surcharge.

Wells Fargo Gift Card

For Wells Fargo Gift Cards, you would purchase in bulk from Wells Fargo. They can be ordered via the CEO website. The order then goes to Wells Fargo Card Services Finance, which debits your designated DDA and then sends the order as part of your daily batch to eFunds. eFunds creates the card accounts, loads them with funds, and has another vendor emboss and ship the cards. eFunds handles all gift card customer service (for cardholders) via their toll-free number and web site. Any problems with the cards are handled by their customer service representatives. The cards are on their system of record, not Wells Fargo's. Gift Cards are through our vendor eFunds Prepaid Solutions, recently acquired by Fidelity Information Services. The University would not have any direct relationship with the vendor.

Gift Cards are accepted anywhere Visa[®] debit cards are accepted. Plus, they are more secure than certificates, checks, or cash since we replace lost Cards. *Please refer to the Gift Card Customer Agreement for more details about replacement cards and applicable fees.*





In terms of advantages of our cards over competitors, here are some:

- 3-year expiration date (some have expiration dates as short as 9 months)
- Account maintenance fee does not apply to unused funds on card until 12 months after the recipient has called in to activate the card. Many cards have fees that kick in after 6 months. In addition, many cards have the time period start for then the fees kick in start when the cards are sold, versus when they are activated. So a recipient could keep the card in his/her desk or drawer for 6 months without even activating it and then find out that fees have started to reduce the balance.
- No charges to call customer service and talk with a representative. Some issuers charge a fee per call, deducted from the balance on the card.
- All unused funds revert to the cardholder (with some cards, the issuer gets to keep unused balances on the cards after a certain time). Any unused funds on our cards after it expires get returned to the card holder if their address is on file. If not, they escheat to the state.
- Cards can be used internationally - many gift cards cannot be.
- No extra charge for personalized cards (i.e. with recipient's name embossed on card) or customer embossed group names or messages.

4.2 **(E) Check Cashing Services for Personnel**

Please describe your ability to cash payroll checks drawn on University accounts at any branch, regardless of location, without fee.

Wells Fargo will cash payroll checks drawn on University accounts at any branch without fee in two ways:

Positive Pay with Payee Validation – Wells Fargo's Positive Pay service is fully incorporated into our teller system, which enables our tellers to verify a check has been issued and is on file with us before an item can be cashed. By including the Payee name as part of your the Positive Pay issue file along with all other Positive Pay data, and having the employee provide acceptable identification at a Wells Fargo store, there will be no check cashing fee to either Boise State University or its employees.

Membership Banking - Wells Fargo account holders are not charged for cashing their payroll checks. Our Membership[®] Banking program encompasses a customized package of financial services for each



employee participant that includes free checking, discounted loan pricing, and additional benefits not available to the general public. Membership Banking provides an additional employee benefit at NO incremental cost that increases direct deposit participation and reduces payroll expense. Wells Fargo can also assist your direct deposit enrollment efforts by producing brochures, posters, banners, payroll insets and other collateral materials.



5.0 PROPOSER INFORMATION

(Note: Providing this information is mandatory. Failure to provide any of this information will cause your proposal to be rejected.)

5.1 (ME) Proposer must provide a general description of the company, its organizational structure, the number of employees in each major area of the company, and its overview/history including, years of operation providing banking services similar to that described in this RFP, and the annual rating of your financial institution by national rating agencies.

Headquartered in San Francisco, Wells Fargo & Company (NYSE: WFC) is a holding company that operates through subsidiaries performing a wide variety of financial services. Its principal banking subsidiary is Wells Fargo Bank, N.A., which has nearly 6,000 local stores, each functioning as a headquarters for satisfying local customers' financial needs and helping them succeed financially (www.wellsfargo.com).

Wells Fargo & Company is the oldest and largest financial services company headquartered in California. It is the successor to the banking and express business that began in San Francisco in 1852.

Wells Fargo & Company
420 Montgomery Street
San Francisco, CA 94104
IRS# 41-0449260
Incorporated in the State of Delaware

Principal Banking Subsidiary:

Wells Fargo Bank, N.A.
420 Montgomery Street
San Francisco, CA 94104
IRS# 94-1347393

Incorporated under U.S. federal law as a national banking association

Wells Fargo Bank, N.A. is a national banking organization.

Our most recent annual report can be found by visiting:
https://www.wellsfargo.com/invest_relations/annual

Our previous four quarterly can be obtained by visiting the following site and using the Wells Fargo FDIC Certificate No. 3511:
http://www2.fdic.gov/Call_TFR_Rpts/search.asp

Wells Fargo & Company (NYSE: WFC) is a diversified financial services company providing banking, insurance, investments, mortgage and



consumer finance through our 5,915 banking stores, the Internet and other distribution channels across North America and internationally.

We're headquartered in San Francisco, but we're decentralized so every local Wells Fargo store or office is a headquarters for satisfying all of our customers' financial needs and helping them succeed financially. Wells Fargo has \$549 billion in assets and 158,800 team members across our 80+ businesses. We're the United States' 25th largest employer. We ranked fifth in assets and sixth in market value of our stock among our peers as of September 30, 2007.

Our key rankings include:

- *Standard & Poor's Rating Service*: Only bank in the U.S. to be rated "AAA"
- *Moody's Investors Service*: "Aaa" credit-rated U.S. bank
- *Fortune*: Ranked 41st in revenue among all companies in all industries and the world's 19th most profitable company
- *Barrons*: Ranked 16th most admired company in the world
- *Forbes*: Ranked nation's 5th most Generous Corporate Foundation

Our vision is to satisfy all of our customers' financial needs, help them succeed financially, be the premier provider of financial services in every one of our markets, and be known as one of America's great companies.

Key Performance Measure	2004	2005	2006
Total Assets	\$427,849 million	\$481,741 million	\$481,996 million
Net Income	\$7,014 million	\$7,671 million	\$8,480 million
ROA	1.71%	1.72%	1.75%
ROE	19.56%	19.57%	19.65%
Equity / Assets	8.85%	8.44%	9.52%

To review the full Wells Fargo Bank, N.A. Annual Report, please use the following link:
https://www.wellsfargo.com/invest_relations/annual.

Wells Fargo Bank, N.A. Member FDIC

5.2 (ME) List a minimum of three (3) and a maximum of four (4) institutions of higher education or state agencies your firm has serviced in the last three years.

1. State of Idaho Treasurer's Office
2. State of Utah Treasurer's Office
3. Brigham Young University
4. Utah State University



5.3 (ME) The Proposer must provide references or names and point of contact information from three (3) customers currently using the Proposer's banking services (Higher Education preferred). All references must be current and have had a working relationship with your company within the last five (5) years.

Include the following information for each reference:

- 5.3.1 Client name and address;
- 5.3.2 Reference name, title, and phone number;
- 5.3.3 Brief overview of system delivered;
- 5.3.4 Description of deliverables;
- 5.3.5 Terms and conditions of deliverables;
- 5.3.6 Dates work was performed for the reference;
- 5.3.7 How long the system has been in use?

The Proposer may add additional information or references.

The University of Utah has been a client of Wells Fargo Bank since 1976 and currently utilizes the following Treasury Management products and services: Lockbox, Cash Vault, Account Reconciliation, Positive Pay, Zero Balance Accounts, ACH Services, Information Reporting, CDROM, Wire Transfers, Return Items, Event Messaging, Investment Sweep, Institutional Investments, Foreign Exchange, and Merchant Services.

Contact: Mel F. Smith
 Manager, Cash Management & Endowment
 Portfolio-Performance Reporting
 Investment Management Office
 201 S. President's Circle, Rm 402
 Salt Lake City, UT 84112-9025
 Phone: (801) 581-5992
 Email: Mel.Smith@admin.utah.edu

Contact: Jeffery J. West, CPA, MBA
 Associate Vice President
 Financial & Accounting Services
 201 S Presidents Circle, Rm 408
 Salt Lake City, Utah 84112-9023
 Phone: (801) 581-7520
 Email: Jeff.West@admin.utah.edu

The University of Idaho has been a client of Wells Fargo Bank since 1975 and currently utilizes the following Treasury Management products and services: Depository Services, Account Reconciliation, Positive Pay, Zero



Balance Accounts, ACH Services, CDROM, Wire Transfers, Information Reporting, Investment Sweep, and Merchant Services.

Contact: Jana Stotler
Controller, Business and Account Services
P.O. Box 443166
Moscow, ID 83844
Phone: 208-885-6530
Email: jana.stotler@uidaho.edu

Contact: Linda Keeney
Manager, Accounts Payable
P.O. Box 443166
Moscow, ID 83844
Phone: 208-885-5379
Email: linda.keeney@uidaho.edu

The University of Colorado has been a client of Wells Fargo Bank since 1991 and currently utilizes the following Treasury Management products and services: Lockbox, Cash Vault, Reverse Positive Pay, Controlled Disbursement, CDROM, ACH Services, Wire Transfer, Information Reporting, Foreign Exchange, Event Messaging, Zero Balance Accounts, and Merchant Services.

Contact: Joseph D. Tinucci
Assistant Director of Asset Management
University of Colorado Treasurer's Office
1800 Grant Street, Suite 600
Denver, CO 80203
Phone: 303-837-2185
Email: joe.tinucci@cu.edu

5.4 (M) Provide a listing of branch locations in the Treasure Valley and the approximate distance to Boise State University, including remote locations such as West Campus and Canyon County campus.

Shown below are the four closest Wells Fargo branch locations to Boise State University's **Boise Campus**. Distance is calculated from 1910 University Dr., Boise:

Address	Distance	Hours	Services
1. BROADWAY	0.54 miles	Mon-Fri 9:00 AM-6:00 PM	Branch



Developing Relationships. Providing Solutions.

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1205 BROADWAY AVE, BOISE, ID 83706 Tel: 2084245019 Map and directions		Sat 9:00 AM-4:00 PM Sun Closed	<ul style="list-style-type: none"> • 1 ATM(s) • Additional Services
2. CAPITOL 505 W BANNOCK ST, BOISE, ID 83702 Tel: 2083451043 Map and directions	0.82 miles	Mon-Fri 9:00 AM-6:00 PM Sat-Sun Closed	Branch <ul style="list-style-type: none"> • 1 ATM(s) • Additional Services
3/4. BOISE MAIN 877 W MAIN ST, BOISE, ID 83702 Tel: 2083894020 Map and directions	0.86 miles	Mon-Fri 9:00 AM-6:00 PM Sat 9:00 AM-4:00 PM Sun Closed	Branch <ul style="list-style-type: none"> • 1 ATM(s) • Additional Services

Shown below are the four closest Wells Fargo branch locations to Boise State University's **Nampa Campus**. Distance is calculated from 5500 E. University Way, Nampa:

1. IDAHO CENTER 5607 E FRANKLIN RD, NAMPA, ID 83687 Tel: 2084652120 Map and directions	0.85 miles	Mon-Fri 9:00 AM-6:00 PM Sat 9:00 AM-4:00 PM Sun Closed	Branch <ul style="list-style-type: none"> • 1 ATM(s) • Additional Services
2. NAMPA 103 12TH AVE S, NAMPA, ID 83651 Tel: 2084637122 Map and directions	2.62 miles	Mon-Fri 9:00 AM-6:00 PM Sat 9:00 AM-4:00 PM Sun Closed	Branch <ul style="list-style-type: none"> • 1 ATM(s) • Additional Services
3. NAMPA SOUTH 12TH AVENUE 1401 12TH AVE RD, NAMPA, ID 83686 Tel: 2084666601 Map and directions	4.06 miles	Mon-Fri 9:00 AM-6:00 PM Sat 9:00 AM-4:00 PM Sun Closed	Branch <ul style="list-style-type: none"> • 1 ATM(s) • Additional Services
4. KARCHER 2122 W KARCHER RD,	4.83 miles	Mon-Fri 9:00 AM-6:00 PM	Branch <ul style="list-style-type: none"> • 1 ATM(s)



NAMPA, ID 83651 Tel: 2084684820 Map and directions		Sat 9:00 AM-4:00 PM Sun Closed	<ul style="list-style-type: none"> • Additional Services
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Shown below are the four closest Wells Fargo branch locations to Boise State University's **Canyon County Campus**. Distance is calculated from 2407 Caldwell Blvd., Nampa:

1. KARCHER 2122 W KARCHER RD, NAMPA, ID 83651 Tel: 2084684820 Map and directions	0.37 miles	Mon-Fri 9:00 AM-6:00 PM Sat 9:00 AM-4:00 PM Sun Closed	Branch <ul style="list-style-type: none"> • 1 ATM(s) • Additional Services
2. CALDWELL CLEARWATER 5218 CLEVELAND BLVD, CALDWELL, ID 83607 Tel: 2084545060 Map and directions	2.23 miles	Mon-Fri 9:00 AM-6:00 PM Sat 9:00 AM-4:00 PM Sun Closed	Branch <ul style="list-style-type: none"> • 1 ATM(s) • Additional Services
3. NAMPA 103 12TH AVE S, NAMPA, ID 83651 Tel: 2084637122 Map and directions	3.30 miles	Mon-Fri 9:00 AM-6:00 PM Sat 9:00 AM-4:00 PM Sun Closed	Branch <ul style="list-style-type: none"> • 1 ATM(s) • Additional Services
4. NAMPA SOUTH 12TH AVENUE 1401 12TH AVE RD, NAMPA, ID 83686 Tel: 2084666601 Map and directions	4.22 miles	Mon-Fri 9:00 AM-6:00 PM Sat 9:00 AM-4:00 PM Sun Closed	Branch <ul style="list-style-type: none"> • 1 ATM(s) • Additional Services

5.5 (ME) Provide a description of internal controls utilized by the Proposer intended to safeguard assets of the University.

Over the years, we have evolved our security activities in response to the changing online environment and customers' needs, and we are well prepared to meet this requirement. Wells Fargo has conducted an extensive risk assessment on all electronic banking and automated phone banking systems and we continue to implement electronic safeguards.

We have two major objectives in selecting the right electronic safeguards:



- Protecting our customers' information and assets
- Minimizing customer impact while providing multiple layers of protection wherever customer transactions call for added security

Wells Fargo relies on a vigilant and steadfast approach to online security. Because no single solution can ensure complete online security, we have developed a layered security approach with industry-leading solutions to protect customers' information and funds in a way that is seamless and also does not inconvenience them.

Most important is customer education, which helps customers learn their role in protecting their online identities

As all banks will need to comply by year-end with the new Federal Financial Institutions Examination Council (FFIEC) guidance, Wells Fargo is committed to meeting and exceeding them. Since we believe that no one solution can solve the problem of online security, we favor a layered security approach to protect our most important assets: our customers. From now on, additional protection will need to be implemented when risk warrants, such as:

- Multi-factor authentication: using at least one additional method to positively confirm a customer's identity (in addition to user name and password).
- Layered security: using security safeguards specific to each high-risk action (e.g., dollar limits for money-movement transactions, data encryption, data masking, and around-the-clock monitoring and risk management).
- Other controls: we believe in continual education of our customers and team members on how to prevent fraud.

5.6 (ME) Provide a description of services provided to assist the University with PCI compliance.

Wells Fargo Merchant Services is Payment Card Industry standard (PCI) certified and compliant. The PCI standard, created by the Bankcard Associations, follows the Visa Cardholder Information Security Policy (CISP) and MasterCard Secure Data Protection (SDP) programs.

Wells Fargo Merchant Services is compliant with the Associations' Payment Card Industry (PCI) standards and has Secure Socket layer Level 3 Encryption. User login ids, codes, and passwords are required to access data centers and host computers. Our servers' unused ports are locked and



no unused modules are installed. We have a comprehensive firewall and packet-monitoring utilities at all portals of connectivity and Intrusion Detection Systems monitor all connections from our data centers to the Internet.

5.7 * SECTION DELETED *

5.8 (ME) Provide evidence of financial stability and capability to fund all costs associated with providing the services throughout the term of the Contract. This information will be used in the proposal evaluation process, so ensure completeness and accuracy.

NOTE: For publicly traded companies, provide copies of your SEC Form 10K for the last two years. Financial information is mandatory and failure to provide it will cause the response to be deemed non-responsive.

Wells Fargo & Company SEC Form 10K for the last two years, 2006 and 2007 are located in separate blue binder entitled "SEC Form 10K 2006 and 2007."

In lieu of a SEC Form 10K, privately held companies must submit a consolidated financial statement. The University requests that financial information be submitted on Appendix C, and that the data elements shown on Appendix C be included. However, Proposers may adjust the financial statement presentation as necessary.

Wells Fargo Bank, N.A. has the highest possible credit rating, "Aaa", from Moody's Investors Service and the highest credit rating given to a U.S. bank, "AAA", from Standard & Poor's Ratings Services. We have one of the highest debt ratings of any financial services company.

Wells Fargo & Company (as of August 13, 2007)	Fitch Ratings	Moody's	Standard & Poor's
Ratings Outlook	Positive	Stable	Stable
Long-term Issuer Rating	AA	Aa1	AA+
Short-term Issuer Rating	F1+	P-1	A-1+
Senior Unsecured	AA	Aa1	AA+
Subordinated	AA-	Aa2	AA
Preferred Stock	AA-	Aa3	AA-

Wells Fargo Bank, NA (as of August 13, 2007)	Fitch Ratings	Moody's	Standard & Poor's
Ratings Outlook	Positive	Stable	Stable
Long-term Issuer Rating	AA	Aaa	AAA
Short-term Issuer Rating	F1+	P-1	A-1+
Bank Deposits	AA+	Aaa	-



Senior Unsecured	AA	Aaa	AAA
Subordinated	AA-	Aa1	AA+
Bank Financial Strength Rating	-	A	-

The information provided is found on our Investor Relations site (https://www.wellsfargo.com/invest_relations/debt) and is provided for informational purposes only. We do not guarantee the accuracy or completeness of information on or available through this site, and we are not responsible for inaccuracies or omissions in that information or for actions taken in reliance on that information. Please read Legal Disclaimers (https://www.wellsfargo.com/invest_relations/legal/) before using or relying on information on or available through this site. Potential investors in our securities should seek professional advice before they invest.

Key Performance Measure	2004	2005	2006
Total Assets	\$427,849 million	\$481,741 million	\$481,996 million
Net Income	\$7,014 million	\$7,671 million	\$8,480 million
ROA	1.71%	1.72%	1.75%
ROE	19.56%	19.57%	19.65%
Equity / Assets	8.85%	8.44%	9.52%

To review the full Wells Fargo Bank, N.A. Annual Report, please use the following link:
https://www.wellsfargo.com/invest_relations/annual.

Wells Fargo Bank, N.A. Member FDIC

5.9 (ME) Proposer must describe in detail its experience and qualifications performing services similar to those described in this solicitation.

Wells Fargo's Proprietary ACH Platform

Wells Fargo is a leader in the ACH industry. Since its inception, we've been actively involved in, and continue to be involved in, a variety of initiatives to shape the future of ACH.

Wells Fargo representatives serve on numerous ACH governing bodies, including the Rules and Operations Committee, NACHA Councils, NACHA Rules Work Groups, and the WesPay Board of Directors. In addition, Steve Ellis, Executive Vice President of our Wholesale Banking Group, is the Chairman of NACHA's Board of Directors.

Nowhere is this commitment more obvious than in the awards we've received from NACHA. Wells Fargo is the only organization to receive three consecutive annual awards from NACHA for ACH service quality and innovative ACH solutions.

- 2002 ACH Quality Award for Originating Financial Institutions. We received this award for developing our Wells Fargo Express CheckSM



check conversion services. This suite of service employs our proprietary Perfect Parsing[®] process to extract the information needed to create ACH debits from check MICR lines with extreme accuracy. This and other innovations give our check conversion customers the lowest rate of administrative returns in the nation.

- 2003 ACH Quality Award for Receiving Financial Institutions. We were awarded this honor for our work with NACHA and the FBI in identifying and stopping companies sending fraudulent telephone-initiated ACH debits to our commercial and consumer customers' accounts. Our unique ability to link fraudulent transactions to their originators was the key to reducing unauthorized ACH debits by 88%.
- 2004 George Mitchell Payments Systems Excellence Award. Our Home Mortgage unit received NACHA's highest honor for transforming our consumer mortgage payments system from 81% paper to 88% electronic.

This leadership role offers many advantages to BSU. At a strategic level, it demonstrates the commitment we've made to use ACH to improve the efficiency of your electronic transactions. At an operational level, it means we're at the forefront in providing innovative solutions that take advantage of ACH capabilities to improve cash flow and minimize your risk.

Wells Fargo is one of the largest and most experienced providers of ACH services in the nation. We currently have over 25,500 corporate ACH origination customers, and on average, we process over 1 billion transactions monthly. BSU can be certain that we have the experience and infrastructure to support your ACH operations both today and as your needs expand in the future.

Wire Transfer Service

When selecting a bank's wire transfer service, it is important to consider whether that bank has adequate experience. Wells Fargo has provided corporate customers with electronic payment transfer services since 1852. In fact, throughout our history, Wells Fargo has been an active participant in the development of wire transfer networks, both in the U.S. and internationally. We have consistently delivered the most technologically sophisticated and reliable electronic funds transfer services available at any given time. BSU can be confident that we have the organizational experience, and the technology, to deliver the wire transfer services you require.

Merchant Services



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Our Relationship Managers have an average of over six years within the merchant payment industry and our management team averages over 15 years.

Controlled Disbursement

One way to assess a bank's controlled disbursement experience is to determine the amount of presentments that are cleared on a routine basis. Month-to-date, November 2007, our controlled disbursement customers cleared approximately \$2.6 billion everyday. On average, this equates to approximately \$1 million per day for each of our 2,770 customers. As of the same time-period, our largest customer had average daily clearings of \$123 million.

These clearing volumes should indicate to BSU that we have the experience and infrastructure to support your operations.

Depository

When you establish a relationship with a bank, it's important that they offer you a variety of depository services. This gives you more flexibility to choose the particular service that best suits your needs.

Wells Fargo offers a broad range of depository service channels, including night depository, cash vault, branch, and commercial ATM services. With the enactment of the Check 21 legislation, we also offer our *Desktop Deposit*® check conversion service. This gives you the ability to convert and deposit consumer checks without having to make a separate trip to the bank. Depository service options are priced according to channel. All fee information is listed in the attached pricing schedule.

In regards to outsourcing, we manage our entire depository processing operations and customer service functions in-house. The only exception to this is third-party vendors who are retained for non-critical functions such as coin rolling, verification of large coin deposits, and in a few remote locations, verification of cash vault deposits.

Night Depository

Our Night Depository service is a convenient alternative for customers who wish to make deposits outside of normal business hours. Most of our full-service traditional branches are equipped with a night depository for commercial customers.

Once the service is implemented, you receive a key that allows you to access the night depository. You are also issued bank-approved disposable



deposit bags designed to accommodate both your cash and check deposits. Customers are permitted to make up to three deposits per drop.

All deposits are processed under dual control. For customers who use our post verification deposit service, the check portion of your deposit will be processed in the branch and the cash verified later, in the banking store, or at a nearby Wells Fargo cash vault. Audit controls will ensure that your deposit is accurately counted and verified.

During normal business days, deposits are credited the same day if they are received by the deposit deadline. In general, to receive same day credit, the deadline for night depository deposits is 6:00 a.m., Monday through Friday (local time) but the deadline can vary. Your local banking store will provide you with their deadline. Adjustment advices, if necessary, are mailed to the adjustment advice address you specify.

Each night depository location is designed to offer appropriate security, both for your deposit and for the employee who makes the deposit. To withstand a brute force attack, our night depositories are housed in a specially designed cabinet with a minimum Underwriters Laboratory (UL) rating of TL15. Further, night depository safes are protected with a single UL Group One combination lock that includes a dual-custody feature, door contact alarm protection, and a heat detector. Many locations also provide closed-circuit TV coverage on the merchant door of the Night Depository. These security measures effectively minimize the risk of theft.

Branch Deposits

Our branch locations offer a variety of depository services. These include over the counter deposits, check only deposits, express deposits, and the ability to place cash and coin orders.

- **Over the counter Deposits.** Over the counter deposits can be made in instances where your cash deposit is usually less than \$10,000 and the number of checks is less than 400.
- **Dual-pouch tamper-evident bags.** This secure deposit bag is a two-section, disposable, tamper-evident deposit bag that we can provide to BSU for a fee. You insert cash in the top section of the bag, and checks and your deposit ticket in the bottom section. Each bag contains a bar code and unique 10-digit serial number, which is also printed on a tear strip at the top of the bag. You retain the tear strip as a record of the bag number. When you present the bag at the teller line, the checks and deposit slip are removed, and you're given provisional credit for



the full amount of the deposit. BSU may also choose to use a dual-pouch bag from a source other than Wells Fargo.

- **Coin and currency orders.** You can place coin and currency orders of \$2,500 or less, up to a maximum of \$5,000 per week.
- **Check-only courier deliveries.** Your courier service can deliver check-only deposits to the branch one hour before the branch cutoff deadline to receive same-day credit.

Desktop Deposit Service

The *Desktop Deposit* service allows you to deposit checks to the bank electronically via the Internet, thereby saving both time and money. Customers utilizing the *Desktop Deposit* service also take advantage of extended deposit deadlines and faster notice of returned items. Checks are scanned utilizing a desktop scanner. Images are then reviewed and transmitted to the bank using the *Commercial Electronic Office*® (*CEO*®) Internet portal. Because we have integrated our *Desktop Deposit* service directly into the *CEO* portal, there is no need to install any additional software.

Service offerings for the *Desktop Deposit* service include:

- **Image Replacement Document (IRD) Processing:** All checks are processed as image exchange or Image Replacement Documents (IRDs). There are no restrictions on check eligibility—all U.S. checks can be converted on our desktop scanners. No special customer notification is required to collect the check from its image instead of the original physical item.
- **Check Conversion Decisioning Processing (coming soon).** Provided that you have completed the required customer notification, the *Smart Decision*™ process can convert eligible items to ACH debits. Mailed items would use the ARC standard entry class code. Since March 16, 2007, items received in person can be converted using the BOC standard entry class code. Ineligible items are processed via the check clearing channel using either image exchange or an IRD.

Cash Vault Deposits (via armored carrier)

Our cash vault service is ideal for organizations that routinely make larger cash deposits. It relieves your staff from the responsibility of transporting your deposits to the bank, and it ensures safety and security. Our cash vault services also provides you the ability to place coin and currency orders. This ensures you always have sufficient coin and currency supplies on hand to support your daily operations.



Ensuring deposit security and accuracy is a fundamental part of our cash vault system. During the implementation, for example, we provide BSU with deposit bags. These plastic, transparent, tamper-evident bags ensure the integrity of your deposit from the time it leaves your location until the time it is received at our vault.

After deposit bags are received at our facility, they're logged, given a bar code, and assigned a deposit ID number. Bar coding allows us to track your deposit throughout the verification process.

Checks that are included in the deposit are forwarded directly to our check processing group for encoding, balancing, and posting. The cash portion of your deposit is assigned to a vault teller. For security purposes, these assignments are made on a random basis. The vault teller opens the deposit and verifies the deposit amount. If a discrepancy is discovered, a teller supervisor recounts the cash. If the discrepancy exceeds \$50, we will telephone your designated contact to report the difference.

Service quality is important to BSU and the Wells Fargo Cash Vault system can be relied on to provide a high quality of service.

Cash Vault Service Quality Statistics

Service	2005 Actual	2006 Actual	YTD ended February 28, 2007
Accuracy of Deposit Processing	99.98%	99.99%	99.98%
Deposit Credits on Time	99.99%	99.99%	100.00%
Deposits Verified within 48 Hours	100.00%	100.00%	100.00%
Accuracy Of Order Processing	99.98%	99.99%	100.00%
Orders Processed on Time	99.99%	99.99%	100.00%
Adjustment Notices Mailed on Time	100.00%	100.00%	100.00%
Customer Inquiries <45 Days Old on Time	99.97%	99.81%	99.95%
Customer Inquiries >45 Days Old on Time	99.96%	99.64%	100.00%

Ensuring optimal cash flow is one of the most important parts of the treasury management process. That's why it's so important that you understand the bank's deposit deadlines. Ensuring that deposits are made in



a timely manner will maximize cash flow and speed your access to the funds you deposit.

Also, organizations that accept cash as payment need sufficient on-hand supplies of both cash and currency to make change for their customers. At Wells Fargo, we offer our customers a change order system that is both flexible and easy to use.

The following table describes the cut off times for deposits and change orders, organized by location.

Cash Vault Deposit and Change Order Deadlines (local time)						
Cash Vault Location	Mixed Deposits	Check Only Deposits	Cash Only Deposits	Same-Day Change Orders - Touchtone	Same-Day Change Orders – CEO® or Transmission	Armored Carrier Pickup
IDAHO Boise, Idaho	4:30 p.m.	4:30 p.m.	4:30 p.m.	11:00 a.m.	10:30 a.m.	2:00 p.m.

Positive Pay Services

Different organizations have different check volumes and information reporting requirements. So instead of trying to offer a one-size-fits-all solution, we offer three different positive pay products. This makes it easier for BSU to select the service that meets your needs.

***Perfect Presentment* Positive Pay**

Our *Perfect Presentment* Positive Pay service is a same day positive pay service. In contrast to other positive pay services, *Perfect Presentment* is unique because we identify all stop payment items and positive pay exceptions, and we also correct exceptions due to encoding errors—before they post to your account. Consequently, the daily funding totals that we report to you will always match your posting totals.

With our *Perfect Presentment* Positive Pay service, you receive same-day exception and images reporting by 1:00 p.m. MT. You must then make your pay/return decisions by 12:00 p.m. MT, the next day. This gives you almost 24 hours to make your pay/return decision.



Regardless of which option you choose, you can use access our Internet-based ARP Register Maintenance service that's available through our *Commercial Electronic Office (CEO)* portal. The ARP Register Maintenance service lets you to update your check registers with voids, cancels, stops and new over-the-counter and location-issued checks. You can also use it to easily create check registers to clear Issue Notice Not Received (INNR) exceptions. ARP Register Maintenance files can be electronically transmitted. We update our systems with your transmission files many times throughout the day.

Image Positive Pay

Our traditional Image Positive Pay service compares checks presented against your account to your issue files after the items post. With this service, we review all Positive Pay exceptions and reverse items that can be corrected such as encoding errors, and repost them on the following business day. This feature saves you time and money because it means that we research and resolve the majority of your exception items for you.

With our traditional Image Positive Pay service, you receive next day exception reporting and images by 9:00 a.m. MT. You then make your pay/return decisions by 3:00 p.m. MT.

Basic Positive Pay

Our Basic Positive Pay is our most economical service, but it also provides you the earliest available exception reporting. Your files will contain all Positive Pay exception items, including encoding errors.

With our Basic Positive Pay service, you receive next day exception reporting by 6:00 a.m. MT. 98% of images requested are available by 7:00 a.m. MT and additional images are available by 11:30 a.m. MT. You then make your pay/return decisions by 1:00 p.m. MT. Payee Validation is not available on this service.

Regardless of which option you choose, you can access our Internet-based ARP Register Maintenance service that's available through our *Commercial Electronic Office (CEO)* portal. The ARP Register maintenance service lets you update your check registers with voids, cancels, stops and new over-the-counter and location-issued checks. You can also use it to easily create check registers to clear Issue Notice Not Received (INNR) exceptions. ARP Register Maintenance files can be electronically transmitted. We update our systems with your transmission files throughout the day.



Paid Check Images

After a check has been presented and paid, it's important that your staff has the ability to locate and view check images. At Wells Fargo, we capture paid check images, and make them available to BSU through three delivery channels: CD-ROM, Online via the *Commercial Electronic Office (CEO)* portal, and through our Image File Import tool.

- **WellsImage CD.** With our *WellsImage* CD service, you can access digital images of your paid checks on CD-ROM. *WellsImage* CDs, which can hold up to 30,000 check images (front and back), can be delivered on a weekly, monthly, or fiscal calendar basis, and are available eleven business days after CD ROM cycle cut-off. Data and images can be archived and viewed via the Bank's state-of-the-art WellsImage Viewer™ software.
- **Online via the CEO portal.** Online image retrieval is available as part of our Stops-Images-Search service. Accessible through our *CEO* portal, this service makes images available for retrieval by 7:00 a.m. MT the day after they're posted. In addition to viewing items online, you can also print or download them to your computer. Once downloaded, check images can be faxed, emailed, etc.
- **Image File Import.** Our Image File Import service provides you with a daily transmission of paid check images and associated index information via Secure File Transport. Your image files will be available for downloading into your own internal archive system as early as 9:00 a.m. MT the day after posting. During the implementation phase, you choose whether you want the files to be sent to you in xml or pdf format.

One of our treasury professionals can help you to select the service that is best for your needs. Whichever service you ultimately choose, though, it will be both easy and quick for your staff to locate a particular check and view it, print it, email it, or etc.

ARP Stop Payment Transmission

Though relatively rare, there are circumstances when a stop payment order has to be issued for a batch of checks. The problem with the stop payment submission systems that most banks provide is that they require you to enter stop payment information manually, one at a time. Wells Fargo offers a more efficient alternative.

Our Stop Payment Transmission service allows you to transmit an issue file containing stop payments orders for a batch of items. This not only makes it easier on your staff, it also allows the stop payment orders to be



submitted more quickly. This decreases the likelihood that a check will be presented before the stop payment order takes effect.

WellsOne Commercial Card – Declining Balance Card

As an existing *WellsOne* Commercial Card participant, Boise State University currently has the ability to take advantage of Declining Balance Cards and their variety of uses. Declining Balance Cards are just one of the many account parameters and controls BSU's Program Administrator can set when issuing *WellsOne* Commercial Cards. Declining balance cards allow BSU to pre-set cards with budgeted spending amounts and periods of time that cards are active.

The experience Wells Fargo has gained improving our own processes, as well as those of our clients, gives us unparalleled sensitivity to your cardholder issues, management reporting needs, and business/functional requirements. As we work with you on your existing program and potential expansion to the Declining Balance Card feature, our focus remains where yours is – on eliminating costly manual checks and purchase orders and reducing process cycle time.

Card Type	Comments	Usage
Purchasing	Single-Card platform allowing BSU to choose <i>only</i> the services needed for each cardholder.	Small Dollar Expenses: Supplies Services Equipment Insurance premiums Memberships Software Seminars
Travel & Entertainment		Travel Meals Entertainment
Fleet/Fuel		Fuel Maintenance
Ghost	No plastic	Airfare Preferred Supplier Utilities Department



Card Type	Comments	Usage
Declining Balance	With or without plastic	Relocation Project Budgeting Petty Cash Special or Short Term Capital Projects

Check Cashing services

We offer several options for cashing employees payroll checks at no charge to them: If you include the payee name in your issue file and they can provide acceptable identification at a Wells Fargo banking store, there is no charge to either you or your employee. If you do not include the payee name in your issue file, you may choose to absorb the check-cashing fee for your employees who cash their checks at a Wells Fargo store. If the employee is a Wells Fargo account holder, there is no charge. With enrollment in *Wells Fargo Membership* banking services, many of your employees could qualify for a free checking account as well as other benefits.

5.10 (ME) Provide resumes of personnel that will be assigned to this project. Resumes must be formatted as follows:

- 5.10.1 Name;
- 5.10.2 Position to be held in the project;
- 5.10.3 Current job function/title;
- 5.10.4 Current placement (work location);
- 5.10.5 Employment history;
- 5.10.6 Work history experience;
- 5.10.7 Education;
- 5.10.8 Certificates;
- 5.10.9 Licenses;
- 5.10.10 Special qualifications relevant to this project;
- 5.10.11 Personal business references.

Executive Management:

- 5.10.1 Mark Lliteras
- 5.10.2 Manager of the Regional Commercial Banking Office
- 5.10.3 Executive Vice President and Manager
- 5.10.4 877 West Main Street – 3rd Floor Boise, Idaho
208-393-2109
mlliter@wellsfargo.com



- 5.10.5-9 Mark has been with Wells Fargo and the successor bank, First Security Corporation in Boise for over 35 years with the last 25+ years dealing with corporate, industrial and public entities. He currently manages the Commercial Banking Office for Southern Idaho servicing the market with over \$20 million in revenues. He oversees six relationship managers plus the support staff of twelve professionals.
- 5.10.10 As manager, Mark is responsible for overseeing loan quality and client satisfaction for all customers of the Commercial Banking Office.
- 5.10.11 Personal Business References available.

Local Wells Fargo Relationship Team:

Commercial Relationship Manager

- 5.10.1 Linda Armstrong
- 5.10.2 As the primary contact for your Wells Fargo team, Linda is responsible for managing all aspects of your banking relationship.
- 5.10.3 Vice President and Commercial Relationship Manager
- 5.10.4 877 West Main Street – 3rd Floor Boise, Idaho
208-393-2009
linda.k.armstrong@wellsfargo.com
- 5.10.5-6 Linda began her banking career 24 years ago in 1984 with First Security Corporation and now Wells Fargo, working in multiple areas of the bank, including branch management, lending, credit administration (managing department level credit audits while spearheading the credit due-diligence of several bank acquisitions) and has held a variety of Relationship Management positions. Joining the RCBO in 2001, Linda is an experienced and seasoned Commercial Relationship Manager who has handled agricultural, middle market, commercial, and medium to complex corporate loan portfolios while providing guidance and insight to her clients to assist them with meeting ever-changing treasury management, investment and other financial services and banking needs.
- 5.10.7-9 Linda is a past President of the Idaho Chapter of Risk Management Associates and a TWIN (Tribute to Women & Industry) Honoree for 2005. She is a member of two National Honorary Societies, Beta Gamma Sigma and Phi Kappa Phi, and was granted by Alpha Kappa Psi its Scholastic Student Achievement Award. She holds a double major in Finance and Management and Organization with a minor in Computer Science. Recognized as the Wall Street Journal Top Finance Student at Idaho State University, she graduated Summa Cum Laude with a 4.0 GPA and is an honors graduate of Pacific Coast Banking School through the University of Washington. She is a two year recipient of the First Security Circle of Excellence Award, selected as 1991 Class Representative – NW



Intermediate Commercial Lending School and authored an award winning paper on municipal lending. Linda is currently an Executive Board Member and Treasurer of The Jesse Tree of Idaho, a rental assistance program for low-income individuals at risk of becoming homeless.

- 5.10.10 Linda's background is extensive, handling accounts with similar needs as BSU including the State of Idaho, and several of its Agencies. She oversees the State's Commercial Card program, works with University Foundation accounts - ISU and BSU and is responsible for managing the credit, banking services and investment needs for large corporate clients with the same or more extensive treasury management needs as BSU.

- 5.10.11 Personal Business References:

Name	E-Mail Address	Phone	Business
Mary Pat Thompson	MThompson@mwivet.com	(208) 955-9204	MWI Veterinary Supply, Inc.
Wade Olsen or Matt Brimhall	wade_olsen@amis.com Matt_Brimhall@amis.com	(208) 760-7762 (208) 226-6848	AMI Semiconductor/ On Semiconductor
John Rueb	JR@southwesthide.com	(208) 866-5666	Southwest Hide Co.
Roger Allen	roger@avest-rec.com	(208) 853-3711	Avest Limited Partnership
David Slonaker	DSlonaker@bcidaho.com	(208) 331-7456	Blue Cross of Idaho
Roger Egan or Leo Herrman	eganroge@isu.edu herrleo@isu.edu	(208) 282-2512 (208) 282-4277	Idaho State University
Duane Stueckle	dstueckle@hughs.net	(208) 336-0315	Amigo Investments

Relationship Associate - Credit

- 5.10.1 Aaron Book
- 5.10.2 Relationship Associate responsible for general customer service and all credit aspects of the relationship including monitoring overdrafts/ACH exposures.
- 5.10.3 Relationship Associate II - Credit
- 5.10.4 877 West Main Street – 3rd Floor Boise, Idaho
208-393-2063
aaron.g.book@wellsfargo.com
- 5.10.5-6 Aaron began his career with the Wells Fargo RCBO in October 2006 after working as a credit analyst for four years with Capital Matrix, Inc., an SBA 504 commercial real estate lender located in Boise. Aaron's background includes a six-year commitment at Gowen Field serving with the U.S. Marine Corps Reserves. He was promoted four times to the rank of Sergeant. Aaron was the Assistant Bookkeeper reporting

directly to the CFO for States Realty/Royal Fork Restaurant Corporation. He interacted and collaborated with fellow co-workers to ensure that tasks were accomplished. As a Relationship Associate, his primary duties include credit analysis and structuring, loan quality and covenant monitoring, and customer service of the team's relationships.

- 5.10.7-9 Aaron holds a Bachelor of Business Administration in Finance, 2001 from Boise State University. Certifications include NADCO Basic Portfolio Management Certificate, August 2006 and a NADCO Advanced Credit Analysis Certificate, November 2003.
- 5.10.10 Aaron will be the initial contact for BSU regarding any overdrafts on BSU accounts, responsible for notifying the University and following with University personnel through resolution. He will also coordinate customer service questions as needed acting as an additional resource for problem resolutions. Aaron's work history, his focus on customer service, and his desire to promptly answer questions and resolve issues as they arise are distinguished attributes. He is disciplined, remains focused on the task at hand, and gives prompt escalation if needed to ensure Boise State University is satisfied with the products and services that Wells Fargo Bank provides.
- 5.10.11 Personal Business References:

Name	E-Mail Address	Phone	Business
Jim Stout	jstout@idahopower.com	(208) 846-7893	Idaho Power
Jim Chambers	royalfork@qwest.net	(208) 362-2342	States Realty/Royal Fork Restaurant Corp
Jerry Bartels	jerryb@ivi-air.com	(208) 465-3713	Industrial Ventilation, Inc.

Relationship Associate – Treasury Management

- 5.10.1 Launa Rightmeier
- 5.10.2 Relationship Associate responsible for coordinating all Treasury Management services and depository aspects of the relationship, including more complex problem resolutions, acts as the liaison for daily operational questions with the University's dedicated Client Service Consultant, handles account maintenance, documentation and general customer service.
- 5.10.3 Relationship Associate I – Treasury Management
- 5.10.4 877 West Main Street – 3rd Floor Boise, Idaho
208-393-2012
right@wellsfargo.com
- 5.10.5-9 Launa has been with Wells Fargo, and its successor First Security for over 17 years. While in the Proof Department, Launa was recognized for her speed, efficiency, and accuracy of work. In 1996 she transferred to



the Retail Operations group and gained a solid knowledge of all aspects of Branch Operations. She was a key contributor as her resourcefulness, insight, intuition, and problem resolution skills allowed her to research complicated issues quickly. In 2001 she joined the Regional Commercial Banking Office in her current capacity, with a primary responsibility to assist customers in resolving service issues by coordinating activities with various groups, internal bank departments, and outside vendors.

- 5.10.10 As the University's primary Treasury Management local contact Launa is uniquely qualified to handle the University's inquiries. She previously worked daily with BSU in its past Banking Services relationship with Wells Fargo and has a very good working knowledge of its needs. She has exceptional people skills, solid follow-up, and institutional in-depth knowledge of all aspects of CEO and the daily functioning of other Well Fargo treasury solutions. Handling a number of very large and complex banking services clients, Launa's experience makes her a valued component of our team. Customers consistently praise her work and enjoy interacting with her on a daily basis.

- 5.10.11 Personal Business References:

Name	E-Mail Address	Phone	Business
George Doumani	geodome@mindspring.com	(208) 336-7400	WENCO Inc.
Dee Anna Fowble	dfowble@aimintl.com	(208) 463-2125	AIM International
Suzanne Comontofski	Suzannec@appetizer.com	(208) 465-5111 ext. 13	Great American Appetizer
Matt Brimhall	Matt_Brimhall@amis.com	(208) 226-6848	AMI Semiconductor/ On Semiconductor

Customer Service Manager

- 5.10.1 Michele Hadley

- 5.10.2 As Customer Service Manager, Michele's key responsibilities include overseeing the Treasury Management Relationship Associates to ensure the highest quality and consistency in the service our customers are provided. She is also responsible for the monitoring of the department's risk exposure and compliance as it pertains to all aspects of the relationship, including monitoring of fraud/wires/overdrafts/ACH exposures.

- 5.10.3 Assistant Vice President and Customer Service Manager

- 5.10.4 877 West Main Street – 3rd Floor Boise, Idaho
208-393-2221



- michele.d.hadley@wellsfargo.com
- 5.10.5-9 Michele began her banking career 30 years ago with First Security, now Wells Fargo. She has worked in several positions throughout the operations area. In her current position since 2000, Michele is responsible for the overall operations of the Regional Commercial Banking Office, including compliance, risk management, and providing general customer service on items requiring supervisor escalation. She will also act as back-up for the Treasury Management Relationship Associates anytime as needed.
- 5.10.10 Michele will oversee the customer service provided to the University. As Supervisor of Launa and the three other Treasury Management Associates in the office, she will be available for any complex issues requiring further escalation which may arise on the University's accounts. She will also provide guidance to the Credit Relationship Associate on any overdraft monitoring for BSU. With her extensive background, the number of large client relationships her Relationship Associates manage on a daily basis she is an invaluable additional resource for problem resolutions for the University.
- 5.10.11 **Personal Business References:**

Name	E-Mail Address	Phone	Business
Lindy Hofstetter	lindy.hofstetter@simplot.com	(208) 389-7518	Simplot
Matt Brimhall	Matt_Brimhall@amis.com	(208) 226-6848	AMI Semiconductor/ On Semiconductor
Teri Smith	tsmith@thecreek.com	(208) 265-7558	Coldwater Creek

Treasury Management Sales

- 5.10.1 Ed Hiddleson
- 5.10.2 Treasury Management Sales Officer responsible for sales of new Treasury Management product and services. Routinely consults with customers to identify more efficient ways to accomplish day-to-day cash management needs.
- 5.10.3 Vice President and Treasury Management Sales Officer
- 5.10.4 877 West Main Street – 3rd Floor Boise, Idaho
208-393-2226
edward.k.hiddleson@wellsfargo.com
- 5.10.5-9 Ed began his banking career in Boise in 1990 and has worked in several areas of the bank, primarily in commercial and small business lending.



He has worked as a Treasury Management specialist since 2001 with the primary responsibility of identifying bank products and services that provide efficiencies for bank customers/prospects in their day-to-day cash management needs.

- 5.10.10 Ed will be the initial contact for BSU regarding discussion and implementation of any Treasury Management products and services identified in the RFP.

- 5.10.11 Personal Business References:

Name	Phone
Pat Vaughn	(208) 327-3445
Dave Dickey	(208) 939-7078
Rich Beath	(208) 377-6028

Dedicated Client Service Consultant

Client Service Consultant

- 5.10.1 Maria Zamagni

- 5.10.2 Wells Fargo Bank's Service Philosophy is to deliver one-stop service to our clients. As your dedicated Client Service Consultant, Maria Zamagni is assigned to Boise State University along with her assigned Service Partner, Zuide Alexander. Maria can be reached at 415-243-7186, Monday through Friday, 9AM to 6PM. Zuide can be reached at 415-243-7566 from 8:30AM to 5:30PM. You may also choose to call (800) 289-3557 for any available Client Service Consultant. Client Service Consultants are available between the hours of 6:00AM and 6:00PM PST. The Client Service Consultants will take immediate ownership and manage the issues through to resolution. The Client Service Consultants will also follow-up with you and communicate status of research requests.

- 5.10.3 Client Service Consultant

- 5.10.4 155 5th Street San Francisco, CA

415-243-7186

Maria.A.Zamagni@wellsfargo.com

- 5.10.5-9 Maria has had over 10 years of experience in the banking industry. She started her career at Wells Fargo with treasury management client services and has held multiple positions. She is college educated, bilingual and maintains a strong work ethic. Maria has financial experience with three major financial institutions which has contributed to her vast banking experience and has worked with high value customer



accounts for eight years. Her background also includes working with a portfolio of high revenue Wholesale Mortgage customers for 12 years. She is friendly and very professional.

- 5.10.10 Maria will typically work daily with the University staff on its everyday operational questions at the direction of the local Relationship Associate I, Launa Rightmeier and the local Customer Service Manager, Michele Hadley to conduct research requests on the University's behalf. She is a skilled problem solver; she will be responsible for communicating the outcomes of daily, moderate to complex banking issues either directly to the University or depending on the complexity of the issue to either Launa, Michele, or Linda.

- 5.11 (M)** Proposer must be registered with the Office of the Secretary of State for Idaho to do business in the state of Idaho.

Wells Fargo is registered with the Secretary of State to do business in the State of Idaho.

- 5.12 (M)** Proposer must not be restricted, prohibited, or precluded by legislation or court orders from participating in any public contract or contract procurement.

Wells Fargo has no restrictions that the responders are aware of.

6.0 TRAINING

The Proposer must provide the training listed below:

6.1 (ME) Mandatory Training

6.1.1 On site training during go-live

When you begin working with a new bank, it's important that you and your staff receive training on the systems you will be using. This speeds up the adoption process and makes it easy to begin using the new system with minimal disruptions.

A member of our Treasury Management Implementation Services group will travel to your site to deliver training on the new system. This training is provided at no additional cost to you. In addition to the initial onsite training service, self-directed, online tutorials are available for all *Commercial Electronic Office (CEO)* system applications.

6.1.2 Train 10 (ten) Boise State University personnel for implementation and to accommodate staffing new hires and turnover.

At Wells Fargo, we strive to respond to the unique requirements that are inherent in every project. So unlike other banks that have a one-size-fits-all implementation process and timeline, we configure each implementation plan for the unique needs of each client. This allows us to customize the implementation plan for the specific size, scope, and complexity that's required.

When you choose Wells Fargo for banking services, the first thing we do is to assign a senior Implementation Associate to the project. The designated Implementation Associate is skilled and experienced in the transition process. The Implementation Associate will work directly with you and your staff to plan the implementation schedule and coordinate the process between our two organizations. Based on this planning effort, we'll present you with a customized plan and timetable that satisfies all of your requirements. We'll also review the plan with you to make sure it meets your expectations.

This custom approach to the transition ensures that the implementation plan and schedule meet the exact needs of your organization. In addition, having a designated senior Implementation Associate ensures a smooth transition for BSU.



Wells Fargo's Training Program

An important part of service implementation involves determining what educational materials and training are required. Some services and individuals, for example, may require onsite training whereas others may only require written instructions or a telephone conversation. By taking a customized approach to implementation and training, Wells Fargo ensures that BSU's staff receives the training they need and that they are prepared when their new banking system goes live.

Wells Fargo recognizes the importance of having BSU feel comfortable and confident using our services from the very first day. To help us achieve this goal, we utilize the services of an internal team of training professionals to develop on-line, cutting-edge learning solutions for our customers. Listed below are several of the training options available to BSU:

Instructor-led Programs via the Internet: These training sessions are sometimes called "Webinars." During these learning sessions, your staff will dial into a conference call while following an interactive Internet presentation at the same time. Attendees may ask questions of the instructor, find solutions to their unique issues, and interact with other users.

On-line Tutorials: These on-demand, pre-recorded training modules are available on Wells Fargo's *Commercial Electronic Office (CEO)* Internet portal. This type of training offers flexibility, so your staff can complete training whenever it is most convenient for them. On-line tutorials are especially useful for training new hires or individuals learning a new job. These audio/visual recordings are available 24 hours a day, seven days a week.

Customer Service: Although we provide many on-line training tools, our goal is to always provide superior customer service and add a personal touch to our training. Your dedicated Client Service Officer is always available to walk you through the *CEO* portal and answer questions regarding usage of your new banking services.

Other Educational Resources

Electronic Payments Conference: Wells Fargo Bank hosts an annual Electronic Payments Conference exclusively for our customers. We offer this conference at no charge. Particular emphasis is placed on the



use of technology. Customers will be presented with a variety of electronic products and service enhancements that will help reduce costs and increase efficiencies in the manner in which business is conducted.

Help and Training Link in the CEO portal: Our Internet portal includes access to a self-help site that incorporates frequently asked questions and online training. From here, you can access our on-line, interactive tutorials and sign-up for instructor-led online training classes (“webinars”).

Technical Support: Your dedicated Client Services Officer (CSO) is the primary person responsible for technical service. Within Client Services, a dedicated Technical Support Group is available to assist with technical issues that your CSO may not be able to resolve.

User Manuals: These handy reference guides will be supplied to you during the implementation process.

6.1.3 Identify a project lead scheduled to be assigned to this project during implementation

At Wells Fargo, we approach implementations of this type as a partnership. Our approach to implementation incorporates a highly experienced team of bankers who will work closely with BSU through every step of your transition to Wells Fargo.

The Wells Fargo Implementation Team will be led by an Implementation Associate who will work with internal bank partners and your staff to define and document requirements and develop a comprehensive implementation plan. The Implementation Associate will manage the project through final delivery and product training and usage, providing BSU with a single point of contact and a positive implementation experience.

Regular implementation meetings (usually weekly) are scheduled once the contract is awarded. At every meeting during your implementation, your Wells Fargo Implementation Team, Treasury Management Specialists, Relationship Managers and Relationship Associate will be present. Your assigned Client Service Officer will also join the meetings at the appropriate time, to become familiar with your accounts. There may be additional team members that attend when a product specialist is needed. A detailed timeline and updated account structure are a major focus of each meeting, to ensure that all tasks are being monitored and are on track to meet your target start date. Meeting minutes from the prior meeting,



agenda, timeline and account structure are provided via e-mail prior to every implementation meeting.

Wells Fargo has streamlined the implementation process by adding a pre-implementation phase, which has reduced our standard implementation timeframe. During this pre-implementation phase, you will work with the Implementation Associate, who will help our collective team identify the exact services to be implemented. The discussions will also cover file formats, delivery methods and answer any technical questions you may have about the services you have selected. Once approved, your Treasury Management Sales Representative will submit all necessary implementation paperwork to begin the implementation process.

After this pre-implementation phase, the implementation process includes the following milestones:

Wells Fargo Kick Off Meeting: Assigned resources develop a project plan based on detailed discussions of the team. Presumptions, issues and questions are documented for further discussion.

BSU Kick Off Meeting: Formal project kick off meeting is scheduled to resolve outstanding presumptions, issues and questions. Attendees include resources from our systems, other internal bank resources and our counterparts from BSU. Milestones, tasks and dates of the project are also discussed. A weekly Project Team meeting will be scheduled for the duration of the project.

Application Development: BSU builds transmission files, creates test checks, etc. Wells Fargo implementation builds BSU's services on each of our product platforms.

Transmission Testing: Testing is completed with BSU's participation and approval on input and output file formats. BSU sign-off is required to move transmission services into the production environment.

BSU Staff Training: Wells Fargo conducts initial product training sessions to ensure BSU staff members fully understand how to use their new banking services. Training will be conducted on-site at your location and sometimes via telephone, as deemed appropriate by the complexity of the service.

Go Live: We will work with BSU to monitor your first transmissions, deposit postings, etc to ensure service quality and ensure that services are meeting your needs. This initial monitoring phase also ensures that problems are quickly identified and corrective action begins.

Transition from Implementation to Client Services for Ongoing Support: We ensure that your Client Service Officer understands your account structure and services. If necessary, further training will be provided regarding BSU's processing requirements. Contact information is re-verified and distributed throughout Wells Fargo and BSU.

The plan described above is documented and turned into a customized, product by product, implementation schedule and timetable that is agreed upon by our two organizations. Wells Fargo's customized approach to

implementation and our team's broad implementation experience guarantees that BSU's transition to Wells Fargo will be a success.

6.1.4 Provide 10 (ten) copies of manual on CD ROM with an option of obtaining additional copies in the future if necessary.

Wells Fargo will provide BSU with 10 CD ROMs of all applicable product reference guides.

The Proposer must provide a detailed description of how it will provide the requirements of 6.1.1 and 6.1.2, and must identify its project lead.

At Wells Fargo, we approach implementations of this type as a partnership. Our approach to implementation incorporates a highly experienced team of bankers who will work closely with BSU through every step of your transition to Wells Fargo.

The Wells Fargo Implementation Team will be led by an Implementation Associate who will work with internal bank partners and your staff to define and document requirements and develop a comprehensive implementation plan. The Implementation Associate will manage the project through final delivery and product training and usage, providing BSU with a single point of contact and a positive implementation experience.

Regular implementation meetings (usually weekly) are scheduled once the contract is awarded. At every meeting during your implementation, your Wells Fargo Implementation Team, Treasury Management Specialists, Relationship Managers and Relationship Associate will be present. Your assigned Client Service Officer will also join the meetings at the appropriate time, to become familiar with your accounts. There may be additional team members that attend when a product specialist is needed. A detailed timeline and updated account structure are a major focus of each meeting, to ensure that all tasks are being monitored and are on track to meet your target start date. Meeting minutes from the prior meeting, agenda, timeline and account structure are provided via e-mail prior to every implementation meeting.

Wells Fargo has streamlined the implementation process by adding a pre-implementation phase, which has reduced our standard implementation timeframe. During this pre-implementation phase, you will work with the Implementation Associate, who will help our collective team identify the exact services to be implemented. The discussions will also cover file formats, delivery methods and answer any technical questions you may have about the services you have selected. Once approved, your Treasury



Management Sales Representative will submit all necessary implementation paperwork to begin the implementation process.

After this pre-implementation phase, the implementation process includes the following milestones:

Wells Fargo Kick Off Meeting: Assigned resources develop a project plan based on detailed discussions of the team. Presumptions, issues and questions are documented for further discussion.

BSU Kick Off Meeting: Formal project kick off meeting is scheduled to resolve outstanding presumptions, issues and questions. Attendees include resources from our systems, other internal bank resources and our counterparts from BSU. Milestones, tasks and dates of the project are also discussed. A weekly Project Team meeting will be scheduled for the duration of the project.

Application Development: BSU builds transmission files, creates test checks, etc. Wells Fargo implementation builds BSU's services on each of our product platforms.

Transmission Testing: Testing is completed with BSU's participation and approval on input and output file formats. BSU sign-off is required to move transmission services into the production environment.

BSU Staff Training: Wells Fargo conducts initial product training sessions to ensure BSU staff members fully understand how to use their new banking services. Training will be conducted on-site at your location and sometimes via telephone, as deemed appropriate by the complexity of the service.

Go Live: We will work with BSU to monitor your first transmissions, deposit postings, etc to ensure service quality and ensure that services are meeting your needs. This initial monitoring phase also ensures that problems are quickly identified and corrective action begins.

Transition from Implementation to Client Services for Ongoing Support: We ensure that your Client Service Officer understands your account structure and services. If necessary, further training will be provided regarding BSU's processing requirements. Contact information is re-verified and distributed throughout Wells Fargo and BSU.

The plan described above is documented and turned into a customized, product by product, implementation schedule and timetable that is agreed upon by our two organizations. Wells Fargo's customized approach to implementation and our team's broad implementation experience ensures that BSU's transition to Wells Fargo will be a success.

Sample Implementation Timeline

BSU Tasks	
Wells Fargo Tasks	
Joint Tasks	



Developing Relationships. Providing Solutions.

BAHR – SECTION II

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TAB 8 Page 105

Action Item	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8
ACH Direct Transmission								
Approve ACH File Limits								
Gather Information: Confirm product and transmission method Explain Testing Process Confirm test technician								
Provide Welcome Package with ACH File Layout Specification								
ACH Initial Setup								
Issue ID's through email (takes up to 4 business days)								
Create ACH test file								
Review format of test file								
Transmission Testing								
Put ID's into production								
Finalize ACH Setup								
<i>ACH Direct Transmission implementation time can be shorter (or longer) depending on transmission testing.</i>								
ARP/Positive Pay/ Payee Validation								
Gather Information: Confirm product, transmission method and optional reports Explain Testing Process Confirm test technician								
Provide Welcome Package with ARP File Layout Specification								
Create ARP Test File								
Review format of test file								
Transmission Testing								
Put ID's into production								
Finalize ARP setup								
<i>ARP/Positive Pay/Payee Validation implementation time can be shorter (or longer) depending on transmission testing.</i>								
Cash Vault								
Gather Information: Verify Services and Effective Date								
Setup courier service								
Submit request to cash vault								
Order supplies/Training								
<i>Setup relies greatly on the number of cash vault locations being implemented.</i>								
Controlled Disbursement								

Gather Information: Make sure client understands they must pass check testing before ordering check stock Verify End Point								
Assign Account Numbers								
Provide Welcome Package with MICR Specifications and ARP documentation as applicable. See ARP Process for detailed information.								
Provide Test Checks								
Check Testing (MICR and Image)								
(See ARP Process. If transmission testing, must wait until finished to finalize Controlled Disbursement Setup.								
Finalize Setup								
<i>Controlled Disbursement implementation time can be shorter (or longer) depending on check testing.</i>								
Commercial Electronic Office®								
Gather Information: Verify services Go over Forms								
Review and Sign Forms (for services such as Internet ACH, Wire Transfer and Self Administration)								
Set up products requested								
Training								
<i>Commercial Electronic Office® implementations vary depending on the products being implemented.</i>								
Desktop Deposit®								
Establish Bank Defined Limits								
Gather Information: Frequency of Deposits Company Defined Limits Company Users								
Sign Setup Form								
Order Scanner(s)								
Training								
Finalize Setup								
Payment Manager PlusSM								
Gather Information								
Provide Sample file and layout specification								
Resource team assigned								
Transmission Testing								
Finalize Setup								

Payment Manager PlusSM implementation time can be shorter (or longer) depending on transmission testing and programming complexity.

WellsImage[®] (CD-Rom of Paid Checks)								
Gather Information								
Provide MICR Check Specifications								
Provide Test Checks								
Check Testing (MICR and Image)								
Finalize WellsImage Setup								

WellsImage[®] implementation time can be shorter (or longer) depending on check testing. It is also statement-cycle dependent (must add at beginning of statement cycle) if adding to an existing account

Retail Lockbox								
Gather Information: Verify services Provide Coupon/Envelope Testing Guidelines/Transmission Specifications								
Provide File Layout (for Transmission)								
Request ID's (can take up to 4 business days)								
Coupon/Envelope Testing								
Transmission Testing								
Provide Lockbox Number and Live Date								
Finalize Setup								
Training								

Retail Lockbox implementation time can be shorter (or longer) depending on transmission testing.

Wholesale Lockbox w/Imaging								
Gather Information: Verify services Provide Invoice/Envelope Testing Guidelines								
Provide Test Invoices/Envelopes								
Invoice Testing								
Provide Lockbox Number and Live Date								
Training								

Wholesale Lockbox w/Imaging implementation time can be shorter (or longer) depending on invoice testing.



6.2 (E) Optional Training

6.2.1 Annual PCI compliance training for Boise State University personnel.

Please describe how you will provide the above requirement.

Wells Fargo Merchant Services provides our merchants various training opportunities On PCIDSS. These Opportunities range from, but are not limited to:

- 1) Two day PCIDSS seminars that reviews current security trends in the payment industry and educates merchants on the PCIDSS compliance validations requirements, use of compensating, and the importance of scoping their review properly.
- 2) Customized presentations on PCIDSS compliance requirements and trends
- 3) Conference calls with bank subject matter experts upon request
- 4) Merchant PCIDSS Webinars
- 5) Periodic Compliance news letters that contain information on PCIDSS
- 6) Annual Notification letter that inform merchant of their PCIDSS compliance level

7.0 EVALUATION

7.1 THE PROCESS

Upon opening the Division of Purchasing (Purchasing) will inspect the proposal for the following (not necessarily limited to the following):

- 7.1.1 That the proposal was timely per the published closing date and time;
- 7.1.2 That the proposal includes an original signed State of Idaho Signature page (attached in Sicomm);
- 7.1.3 That the proposal has not been qualified by the Proposer, meaning that the Proposer has not conditioned their proposal based upon the State accepting terms or conditions established by the Proposer;
- 7.1.4 That the cost proposal is present and sealed separately from the technical proposal;
- 7.1.5 That the proposal contains all required information;
- 7.1.6 Other unforeseen conditions that might deem the proposal non-responsive upon opening.

Purchasing will forward all responsive technical proposals to BSU for evaluation. BSU will establish an evaluation team. This team will evaluate and score the technical proposals



based on the evaluation criteria. Cost proposals will be evaluated and scored after the technical evaluation has been completed.

7.2 EVALUATION CRITERIA AND SCORING

The following table identifies the points assigned to each RFP section:

<u>Evaluated Sections</u>	<u>Maximum Possible Points</u>
Section 3.1 Service Requirements	175
Section 3.2 Web Solutions	200
Section 4.0 Optional Services	50
Section 5.0 Proposer Information	225
Section 6.0 Training	50
Cost	300
TOTAL POSSIBLE POINTS	1,000

7.3 COST PROPOSAL

Cost proposals (and all copies) must be in a separate sealed envelope from the remainder of the proposal, and no price information may appear in any other proposal section or subsection. Failure to comply with this instruction is grounds for rejection of the entire proposal.

Costs must be entered on the attached Appendices A and B and submitted as your cost proposal.

Cost points will be normalized using the following. The lowest cost proposal (grand total) will receive 300 points. The next lowest cost proposal will be divided into the lowest cost proposal and the resulting percentage will be multiplied by 300 to determine the points awarded. (Example: [Vendor 1: Cost proposal of \$100,000.00] [Vendor 2: Cost proposal of \$110,750.00] [Vendor 1 receives 300 points] [Vendor 2: $(\$100,000.00 / \$110,750.00 = .9029) \times 300 \text{ points} = 270.87 \text{ points}$]) Cost points for all subsequent cost proposals will be normalized via this method.

8.0 AWARD

Any intent to award will be made to the responsive, responsible Proposer whose proposal receives the highest overall score. The University reserves the right to implement part or all of the proposed products and to phase implementation as best meets the needs of the University.

The University reserves the right to cancel this RFP at any time prior to a contract being established, if it is determined to be in the best interest of the University.

Appendix A – Fixed Cost Proposal Sheet. Proposers should add or delete lines as necessary to provide a comprehensive outline of costs to provide banking services for evaluation by the University. For any lines added, the proposer must enter a quantity and unit as well as a cost.

<u>Item Description</u>	<u>Cost Calculation</u>	<u>Quantity</u>	<u>Unit</u>	<u>Cost</u>
Checking Accounts				
Monthly maintenance fees		1	EA	
Per transaction fees		1	EA	
Sweep		1	EA	
			Total	
Depository Services				
Account maintenance		1	EA	
Credits		1	EA	
Debits		1	EA	
Reject checks paid		1	EA	
Deposited item		1	EA	
Deposited items returned		1	EA	
Redeposit return item		1	EA	
Account inquiry		1	EA	
Copy of check / deposit ticket		1	EA	
			Total	
NSF Checks				
Change Fund Services		1	EA	
Standard cyclical		1	EA	
Ad hoc		1	EA	
			Total	
Positive Pay / Reverse Positive Pay				
Reverse positive pay		1	EA	



Reverse POS pay per item	1	EA
Deposit recap maintenance	1	EA
Positive pay	1	EA
		Total

Wires

Monthly maintenance fees	1	EA
Incoming wires	1	EA
Outgoing wires	1	EA
		Total

ACH

Monthly maintenance fees	1	EA
Incoming ACH	1	EA
Outgoing ACH	1	EA
		Total

Merchant Services	1	EA
PCI/DSS Services	1	EA
Customer Services	1	EA
Audit Services	1	EA
Reporting	1	EA
		Total

Monthly maintenance fees	1	EA
Per transaction fees	1	EA
		Total



Image Services

Monthly maintenance fees	1	EA
Per transaction fees	1	EA
CD ROM fees	1	EA
Stop Payments	1	EA
Analysis Fees	1	EA
		Total

Income Please describe the items eligible for interest earnings how those earnings are calculated



Appendix B – Fixed Cost Proposal Sheet “Optional Item”.

Items 001 and 002 will not be included in the evaluation process, however budget permitting, The University may elect to exercise said options within sixty (60) days after the contract award date.

Section	Item Number	Item Description	Qty	Unit	Cost
4.0	001	Cost of Optional Banking	1	Year	
6.2	002	Cost of Optional Training	1	Year	

Appendix C – Consolidated Balance Sheet

	December 31, 2005	December 31, 2006
Assets		
Current Assets		
Cash		
Receivable Net		
Inventories		
Prepaid Expenses		
Total Current Assets		
Fixed Assets Net		
Total Assets		
Liabilities and Shareholders' (Owners') Equity		
Current Liabilities		
Accounts Payable		
Income Tax Payable		
Interest Payable		
Current Portion of Long Term Debt		
Total Current Liabilities		
Long Term Debt		
Bonds Payable		
Shareholders' (Owners') Equity		
Common Stock (\$1.00 per value)		
Retained Earnings		
Total Shareholder's (Owner's) Equity		

Total Liabilities and Shareholders' (Owner's) Equity		
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Appendix D – Client Questionnaire

Boise State University
Banking Services RFP
Reference Checks

Your organization has been identified by (banking services provider) as a reference for banking services. Please provide feedback relating to your organizations experience working with this banking services provider to assist Boise State University with evaluating a potential partnership with this banking services provider. Please be complete and accurate with your responses including both positive and negative feedback on a particular area. Please answer all questions. If your organization does not utilize a particular service with the banking institution, please indicate “N/A”.

Responses should be sent back directly to Brian Lee at the University (see subsection 5.13) prior to the closing date of the RFP. Responses sent otherwise will be disqualified from evaluation.

Please contact Jason Urquhart with questions. See subsection 2.2 of the RFP for contact information.

1. **Checking accounts** - Do you feel the checking account variety is sufficient to satisfy the banking services needs at your organization?

Excellent _____ Good _____ Fair _____ Poor _____

2. **Internal controls** – Has your organization encountered issues with this banking services provider as a direct result of lacking internal controls? For example, cash being withdrawn by unauthorized persons, withdrawals being debited incorrectly, insufficient security features, etc.

Excellent _____ Good _____ Fair _____ Poor _____

3. **Deposits** - Is the banking services vendor able to satisfy deposit requirements to your satisfaction, including working with a third party vendor for armored car services, acceptable processing timeframes of ad hoc deposits, etc?

Excellent _____ Good _____ Fair _____ Poor _____

4. **Positive pay** – Is the procedure utilized by the banking institution for positive pay transactions easy to use and cost effective? Has your organization encounter any issues related to this process?

Excellent _____ Good _____ Fair _____ Poor _____

5. **Wire transactions** - Is the wire transaction procedure reasonable to use, including modifiable templates, ability to predate transactions, have sufficient security features to allow for an approval process and restrict the same person from entering and approving a single wire? Do incoming wires provide sufficient detail to identify the transaction? If



not, is the banking institution able to provide more information at little or no cost to your organization?

- Excellent _____ Good _____ Fair _____ Poor _____
6. **ACH transactions** - Is the ACH transaction procedure reasonable to use, including sensible turnaround timeframes once files are submitted and suitable notification of bounced transactions via an effective communication method?
- Excellent _____ Good _____ Fair _____ Poor _____
7. **Merchant services** - Do you feel your organization receives effective communication from merchant service representatives regarding changes in the costing structure, ensuring your organization is setup in the most cost effective manner?
- Excellent _____ Good _____ Fair _____ Poor _____
8. **PCI compliance** – Do you feel the banking institution has effectively partnered with your organization and provides adequate consultation regarding PCI compliance issues?
- Excellent _____ Good _____ Fair _____ Poor _____
9. **Customer service** – Has this banking institution provided high-quality customer service to your organization including availability of resources when needed, responsiveness to needs, and problem resolution in a reasonable timeframe?
- Excellent _____ Good _____ Fair _____ Poor _____
10. **Audit services** – Are banking services personnel available to provide information to auditors when asked?
- Excellent _____ Good _____ Fair _____ Poor _____
11. **Web based reporting tools** – Are web based tools sufficient to provided the needed information for banking services including detail, summary transactions, ad hoc reporting, timely posting of transactions, and availability of data on a daily basis?
- Excellent _____ Good _____ Fair _____ Poor _____
12. **Record of paid checks** – Is your organization able to obtain a record of paid checks in an easy-to-use and timely fashion?
- Excellent _____ Good _____ Fair _____ Poor _____
13. **Stop payments** – Is the procedure utilized for stop payment requests easy-to-use and effective including timeliness of honoring the request?

Excellent _____ Good _____ Fair _____ Poor _____

14. **Training** - Did you receive sufficient training for conversion as well as ongoing?

Excellent _____ Good _____ Fair _____ Poor _____

15. **Conversion** – Was the conversion to this banking services provider smooth?

Excellent _____ Good _____ Fair _____ Poor _____

16. Would you partner with this banking services provider again?

Excellent _____ Good _____ Fair _____ Poor _____

Is there something we should have asked or should know about this banking services provider that you feel Boise State University should consider in evaluating this banking services provider?

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

UNIVERSITY OF IDAHO

SUBJECT

Capital Project Authorization Increase Request, Design and Construct Residential Facility, UI Nancy M. Cummings Research, Education & Extension Center, Salmon, Idaho

REFERENCE

October 2006 Initial Capital Project Authorization for Planning, Design and Construction Implementation - Regular Board Meeting

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedure, Section, V.K.1 & V.K.2

BACKGROUND / DISCUSSION

This is a request for additional Regent's Authorization to design and construct a Residential Facility to be located at the UI Nancy M. Cummings Research, Education & Extension Center, Salmon, Idaho.

In October 2006, the University of Idaho, College of Agricultural and Life Sciences, requested authorization to plan, design and construct a residential (dormitory) facility at the Nancy M. Cummings Research, Education & Extension Center located on approximately 1,025 acres of real property in Salmon, Idaho. This property was gifted to the University of Idaho with the agreement that the College of Agricultural and Life Sciences would promote research, economic development and educational opportunities for the residents of Lemhi and surrounding counties, and secondarily to the state of Idaho, the nation and the world.

The Initial Regents' Authorization level was set at \$1,500,000 for the project during the October, 2006 Regular Board meeting.

The design phase for the project was completed in June, 2008 and the University publicly opened bids in July of 2008. Based upon the bids received, the total project cost for the effort is now \$2,213,410. Evaluation of the bids revealed that the majority of this cost increase can be ascribed to construction escalation related to increasing fuel and transportation costs and the remote location in Salmon, Idaho. The College of Agricultural and Life Sciences has identified requisite funding to allow the award to proceed.

This request for additional authorization is based upon the bids received and will allow the University to award the project to the apparent low bidder.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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The project includes planning, pre-design, design, bid, award and construction phase activities necessary to construct a new building of approximately 7,430 GSF, complete. The facility as designed features 16 dormitory rooms for faculty, staff, students, administrative personnel and constituent groups, a family sleeping room, a large assembly space for conferences and community outreach events, restrooms, kitchen, laundry and ancillary spaces. The project includes all systems and appurtenances necessary for a complete and functional installation.

The project is fully consistent with the university's strategic plan and its goals related to research, extension and outreach.

IMPACT

Immediate fiscal impact of this effort is \$2,213,410. The project fund source is identified capital funds within the College of Agricultural and Life Sciences

<u>Funding</u>		<u>Estimate Budget</u>	
State	\$ 0	Construction	\$1,832,100
Federal:	0	A/E Fees	188,450
Other (State & UI)	<u>2,213,410</u>	Contingency & Other	<u>192,860</u>
Total	\$2,213,410	Total	\$2,213,410

ATTACHMENTS

Attachment 1– Capital Project Tracking Sheet

Page 3

STAFF COMMENTS AND RECOMMENDATIONS

The College of Agricultural and Life Sciences has informed staff that in order to make up the increases in construction costs, they will have to align resources, downsize or eliminate capital projects and/or shift timelines on the projects that they will fund in the future.

Staff recommends approval.

BOARD ACTION

A motion to approve the request by the University of Idaho to increase the Capital Project Authorization for the Residential Facility, UI Nancy M. Cummings Research, Education & Extension Center, Salmon, Idaho from \$1,500,000 to \$2,213,410 to allow for the full implementation of the construction phase.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

Office of the Idaho State Board of Education
Capital Project Tracking Sheet
As of 23 Jul, 2008

History Narrative

- 1 Institution/Agency:** University of Idaho **Project:** Residential Facility to be located at the UI Nancy M. Cummings Research, Education & Extension Center, Salmon, Idaho.
- 2 Project Description:** Project includes planning, pre-design, design, bid, award and construction phase activities necessary construct a new building, complete, to house up to 16 dormitory rooms for faculty, staff, students, administrative personnel and constituent groups, a family sleeping room, a large assembly space for conferences and community outreach events, restrooms, kitchen, laundry and ancillary spaces. The project includes all systems and appurtenances necessary for a complete and functional installation.
- 3 Project Use:** The project will house faculty, staff, students, administrative personnel and constituent groups while performing research and attending conferences and community outreach events. The project supports research, economic development and educational opportunities for the residents of Lemhi and surrounding counties, and to the state of Idaho.
- 4 Project Size:** 7,430 GSF

	Sources of Funds				Use of Funds			
	PBF	ISBA	Other	Total Sources	Planning	Use of Funds Const	Other**	Total Uses
Initial Cost of Project			\$ 1,500,000	\$ 1,500,000	\$ 150,000	\$ 1,227,000	\$ 123,000	\$ 1,500,000
History of Revisions: Additional Authorization Request, Jul 08			\$ 713,410	\$ 713,410	\$ 38,450	\$ 605,100	\$ 69,860	\$ 713,410
Total Project Costs	\$ -	\$ -	\$ 2,213,410	\$ 2,213,410	\$ 188,450	\$ 1,832,100	\$ 192,860	\$ 2,213,410

History of Funding:	PBF	ISBA	* Other Sources of Funds				Total Other	Total Funding
			Institutional Funds (Gifts/Grants)	Student Revenue	Other			
Original Authorization, Oct 06			\$ 1,500,000				\$ 1,500,000	\$ 1,500,000
Additional Authorization Request, Jul 08			\$ 713,410				\$ 713,410	\$ 713,410
							-	-
							-	-
Total	\$ -	\$ -	\$ 2,213,410	\$ -	\$ -		\$ 2,213,410	\$ 2,213,410

26 ** Project Contingency

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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

UNIVERSITY OF IDAHO

SUBJECT

Capital Project Design Authorization Request, Interdisciplinary Studio Complex

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND / DISCUSSION

The College of Art & Architecture offers the only comprehensive, interdisciplinary design and art program in Idaho. Accredited degrees are offered in architecture, landscape architecture, art, and virtual technology and design. In addition, the interior design program is currently preparing for accreditation review. Since being re-established in 2006, the College has experienced approximately 20% growth per year. An additional year has been added to the Master of Architecture degree to make it conform with comparable programs nationally. Additional studio space is needed to accommodate this growth as well as the emerging interdisciplinary goals of the College.

The University of Idaho is seeking approval to proceed with the planning and design phase of the interdisciplinary studio complex, which will be funded with private donations. The University will proceed with planning and design upon commitment of donations to cover the full estimated planning and design cost of \$400,000. Currently the University has a donation commitment of \$270,000.

The Interdisciplinary Studio Complex is conceived as a flexible, indoor/outdoor learning complex emphasizing the three-dimensional, constructible components of the curricula. Emphasis is placed on the ability to combine theoretical learning with practical construction. In addition, the complex will allow for non-traditional course structure in which content is delivered to multiple disciplines while retaining the core of each discipline. Thus, space will be flexible enough to bring classes together for short, two to eight week joint sessions which, in turn, will recombine into other classroom structures.

Space for studio and lecture classrooms will be augmented by space for construction of small and large projects, storage of tools and equipment, storage of accreditation materials, faculty offices, and research studios. The complex is conceived as a series of spaces that minimize barriers between enclosed and non-enclosed space. In other words, a series of enclosed spaces will be incorporated into a working garden.

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The complex will emphasize regenerative design through use of low technology and high performance design, achieving at least LEED® Silver standard. Emphasis will be placed on low carbon footprint, day-lighting, reliance on renewable energy, green roofs, recycling of water and other resources, reduction of storm water runoff, and other regenerative principles of design. It is anticipated that the regenerative performance will be researched over time by faculty and students. The ability to monitor performance will be designed into the complex.

The overall project design and construction cost currently is estimated to be in the range of \$3,500,000. This estimate will be more clearly established in the course of project design. As with the planning and design, the construction phase of the project is expected to be funded strictly through private donations. The University intends to seek the necessary authorization to construct the project at a later date, once project costs are more firmly identified and private funding is in place.

Milestone	Date
Regents Authorization for Design for Interdisciplinary Studio Complex	Aug 2008
Initiate design process, pending full funding commitment	Sep 2008
Complete design	Apr 2009
Regents Authorization for Construction	TBD

The projected timeline for the overall project will be developed following the design process and the identification of project funding. An updated set of milestones will be reviewed with the Board when seeking authorization of the construction phase of the project.

The project is fully consistent with the University's Strategic Plan, Long Range Campus Development Plan (LRCDP), and the Campus Infrastructure Master Plan.

IMPACT

The University has identified an architectural design firm, SH Architecture of Las Vegas, Nevada, headed by a University of Idaho alumnus, wishing to donate all architectural services for this stage of the project, at an approximate value of \$270,000. Donated services include basic architectural design services, project management and coordination with all sub-consultants, initial printing costs, a project manual in CSI format, and development of marketing material (renderings and brochure layout). The total cost of the planning and design stage is estimated to be \$400,000. The University anticipates funding the remaining portion of this phase of the project with private donations. Planning and design for the project will only be initiated once full funding is in place.

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For the Architecture firm as well as any other donated services, the University intends to require the firm to provide a qualifications statement and to conduct an interview to confirm that the proposed donated services meet the same selection criteria that would be used with a public Request for Qualifications (RFQ) process. The University will enter into a service contract with the architectural firm (and with any other provider of donated services), under the same base contract that it uses for all capital project services of a similar nature.

<u>Funding</u>		<u>Estimate Budget</u>	
State	\$ 0	Construction	\$ 0
Federal (Grant):	\$ 0	A/E & Consultant Fees	\$ 400,000
Other (Private)	\$ 270,000*		
Other (Private TBD):	\$ 130,000		
Total		Total	\$ 400,000

* estimated value of donated services

ATTACHMENTS

Attachment 1 – Capital Project Tracking Sheet

Page 4

STAFF COMMENTS AND RECOMMENDATIONS

All funding for this project from preliminary design through construction is from private donations.

Staff recommends approval.

BOARD ACTION

A motion authorizing the University of Idaho to proceed with project planning and design for an interdisciplinary studio complex, at a cost not to exceed \$400,000, to be funded with private in-kind donations and gift funds.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

Office of the Idaho State Board of Education
Capital Project Tracking Sheet
As of 10 July 2008

History Narrative

- 1 Institution/Agency:** University of Idaho **Project:** Interdisciplinary Studio Complex
- 2 Project Description:** The Interdisciplinary Studio Complex is conceived as a flexible, indoor/outdoor learning complex emphasizing the three-dimensional, constructable components of the curricula. Space for studio and lecture classrooms will be augmented by space for construction of small and large projects, storage of tools and equipment, storage of accreditation materials, faculty offices, and research studios.
- 3 Project Use:** The complex will allow for non-traditional course structure in which content is delivered to multiple disciplines while retaining the core of each discipline. Thus, space will be flexible enough to bring classes together for short, two to eight week joint sessions which, in turn, recombine into other classroom structures.
- 4 Project Size:** TBD

	Sources of Funds				Use of Funds			
	PBF	ISBA	Other**	Total Sources	Planning	Use of Funds Const	Other	Total Uses
Initial design phase authorization - Aug 2008*	\$ -	\$ -	\$ 400,000	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ 400,000
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Project Costs	\$ -	\$ -	\$ 400,000	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ 400,000

History of Funding:	PBF	ISBA	Other Sources of Funds				Total Other	Total Funding
			Institutional Funds** (Gifts/Grants)	Student Revenue	Other			
Initial Authorization Request - design phase - Aug 08*	\$ -		\$ 400,000		\$ -	\$ 400,000	\$ 400,000	
	\$ -		\$ -			\$ -	\$ -	
	\$ -		\$ -			\$ -	\$ -	
						-	-	
						-	-	
Total	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ 400,000	\$ 400,000	

* UI will seek construction authorization from the Regents prior to initiating construction.

** Gift is in the form of design services to be donated for the project

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UNIVERSITY OF IDAHO

SUBJECT

Approval for Collection Action – No. 1

APPLICABLE STATUTE, RULE, OR POLICY

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

DISCUSSION

Pursuant to Idaho Code Section 67-2345(f), this item will be discussed in executive session.

IMPACT

After considering probable litigation in executive session and materials submitted to the Board by counsel, if the Board wishes, it can grant authority to the University to commence litigation. The complaint, upon filing by the University, will become a public document.

STAFF COMMENTS AND RECOMMENDATIONS

Staff has no comment.

BOARD ACTION

A motion to approve filing of the complaint discussed in executive session and authorize the General Counsel of the University of Idaho to sign the complaint and all other documents necessary for filing the complaint.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

UNIVERSITY OF IDAHO

SUBJECT

Approval for Collection Action - No. 2.

APPLICABLE STATUTE, RULE, OR POLICY

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

DISCUSSION

Pursuant to Idaho Code Section 67-2345(f), this item will be discussed in executive session.

IMPACT

After considering probable litigation in executive session and materials submitted to the Board by counsel, if the Board wishes, it can grant authority to the University to commence litigation. The complaint, upon filing by the University will become a public document.

STAFF COMMENTS AND RECOMMENDATIONS

Staff has no comment.

BOARD ACTION

A motion to approve filing of the complaint discussed in executive session and authorize the General Counsel of the University of Idaho to sign the complaint and all other documents necessary for filing the complaint.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

UNIVERSITY OF IDAHO

SUBJECT

Approval for Collection Action – No. 3.

APPLICABLE STATUTE, RULE, OR POLICY

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

DISCUSSION

Pursuant to Idaho Code Section 67-2345(f), this item will be discussed in executive session.

IMPACT

After considering probable litigation in executive session and materials submitted to the Board by counsel, if the Board wishes, it can grant authority to the University to commence litigation. The complaint, upon filing by the University will become a public document.

STAFF COMMENTS AND RECOMMENDATIONS

Staff has no comment.

BOARD ACTION

A motion to approve filing of the complaint discussed in executive session and authorize the General Counsel of the University of Idaho to sign the complaint and all other documents necessary for filing the complaint.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

LEWIS-CLARK STATE COLLEGE

SUBJECT

Purchase of privately-owned residence facility (Clearwater Hall) and considering a \$3.6M counter-offer

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.
April 2008	Board authorized LCSC to make offer to purchase residential portion of Clearwater Hall.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections V.I.1. through V.I.2. ("Acquisition of Real Property")

BACKGROUND / DISCUSSION

College Town Development Idaho (CTDI), the builders and current owners of the new residence facility (Clearwater Hall) which opened for operations in August 2006) on Main Street in downtown Lewiston, have asked LCSC to purchase the residential portion of the property. The investors in this private development project have incurred operating losses as a result of 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.

CTDI's investment in Clearwater-Hall was made under the assumptions that the downstairs commercial space (approximately 25% of the square footage of the

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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 12 months each year. In the two years since the building opened, no tenants were placed in the commercial space, and occupancy rate upstairs averaged less than 80% over the Fall and Spring semesters. These lower-than-expected occupancy rates were due, in part, to: 1) problems with missing or non-functioning equipment/services when the facility opened; and 2) the simultaneous addition of two new residence halls (College Place and Clearwater Hall) creating temporary overcapacity (addition of approximately 200 beds). [This temporary housing glut was in sharp contrast to shortages experienced during the 3-year period prior to the opening of the two new privately-developed halls—a period in which dozens of spillover students were housed each year under contract at the local Red Lion hotel.]

LCSC's current management agreement with the owners 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 in the event commercial space and residential space revenues are lower than anticipated. Short-term cash flow problems and difficulties securing long-term financing are pressing the investors to divest.

LCSC analyzed the potential costs and benefits of purchasing the facility and was advised by the owners in January 2008, that they would be agreeable to LCSC discussing a possible offer of between \$3.8M and \$3.9M with the State Board for consideration—this represented a significant reduction from the owners' original position that the College should pay \$5.2M for the facility.

On April 17, 2008, the State Board, authorized LCSC to make an offer of \$3.8M—or the appraised value of the property (appraisal was still underway at the time of the April Board meeting)—whichever was lower.

LCSC's appraisal for the property (see Attachment 1), received in mid-July 2008, estimates that the "as is" commercial value of the property is \$2.8M (a weighted average of a \$2.48M "income approach" value, a \$2.925M "sales comparison approach" value, and a \$3.745M "cost approach" value).

LCSC, following Board guidance, subsequently offered CTDI \$2.8M for the residential portion of the facility. CTDI countered with arguments that the College's appraisal of the property reflected the value another outside business would be willing to pay for the facility to take CTDI's place and work with LCSC under the current arrangements and past demand rates (rather than the expected value to LCSC if it were to become the owner/operator)—and that a \$3.8M price was a bargain in light of the costs the State would incur to build a new facility. CTDI has invested over \$6.2M in the property. The Nez-Perce County Assessor (in April 2008) placed a \$3.8M value on the residential portion of the property. CTDI's bank (Key Bank) appraised the property at a value of

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\$3.8M for the residential portion of the property to a commercial buyer (or \$4.8M for a tax-exempt State agency operation). Regional and national trends indicate that construction of a new facility of this capacity would cost approximately \$6M.

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 College's 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 an 80% average annual occupancy rate during the regular academic year over the life of the investment, with only token revenue projected for summer months. LCSC's offer price would include purchase of all furniture (new condition) already in place in the facility.

LCSC's proposed \$3.6M counter-offer would represent fair value for the facility and its fixtures and furniture, providing funding to make minor repairs or upgrades to the facility, as needed.

IMPACT

During the period of the owners' financial difficulties, and despite high turnover of personnel at CTDI, the College has been able to sustain normal operations at Clearwater Hall. As of the time of writing, Clearwater Hall is at 100% capacity and there is a waiting list for residence hall spaces. If a suitable purchase arrangement cannot be worked out, LCSC students now living in (or programmed to backfill future openings in) Clearwater Hall would have to be relocated for the 2008-2009 school year, or, if foreclosure were to occur, operations at the facility might have to be negotiated out with the owners' bankers. Timely closure on a purchase would minimize disruptions to students and would channel revenue streams immediately to LCSC.

The Board strongly encouraged the private-public partnership approach as a method of quickly and inexpensively expanding residence space at LCSC. A good faith effort to sustain this existing residence hall would help support LCSC's students and the College's relations with other partners and the local community. In the event of a purchase, the College will need to maintain its current approval rights over the type of tenant business that would be eligible to lease the downstairs commercial space in close proximity to our students.

If the Board approves LCSC's request to make a counter-offer of \$3.6M for the facility, the College will proceed immediately to secure financing to lock in favorable interest rates, under the approach outlined above. The College assesses that a purchase of the facility lies within the financial means of the institution and, under a conservative business model would recoup the College's investment within approximately 10 years. Ownership of the facility would enable LCSC to improve services for student residents, decommission decrepit residence facilities, and improve utilization rates and quality factors for the College's residential program as a whole.

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ATTACHMENTS

Attachment 1 – Appraisal of Clearwater Hall

Page 5

Attachment 2 – LCSC letter proposing \$2.8M purchase price

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STAFF COMMENTS AND RECOMMENDATIONS

As noted in the April staff comments, the construction costs for the building, which was opened in August 2006, amounted to \$6.2M. 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 \$4.65M compared to the appraised value of \$2.8M.

CTDI is still the owners and managers. The current estimated occupancy rate is about 100%. The prior year's occupancy rate was below 80% in part as a result of over-capacity getting ahead of actual growth. Even though occupancy is estimated at 100%, CTDI still wants to remove themselves from the financial risk.

Clearwater Hall is at 100% capacity and there is a waiting list for residence hall spaces. Should the property be foreclosed or sold to another party, the financial risks need to be assessed on either LCSC losing the residence hall spaces or negotiating with the bank or new owner.

BOARD ACTION

A motion to approve the request by Lewis-Clark State College to purchase the residential portion of Clearwater Hall from College Town Development Idaho, for \$3.6M, and to secure financing through a secured note to finance the purchase.

Motion by _____ Seconded by _____ Carried Yes ____ No ____

Appraisal Group NorthWest

Real Estate Appraisers & Consultants

COMPLETE APPRAISAL-SUMMARY REPORT

CLEARWATER APARTMENTS

402-418 Main Street

Lewiston, Idaho

As of April 8, 2008

Prepared For

LEWIS-CLARK STATE COLLEGE

Prepared By

MICHAEL J. SPRUTE, MAI

Appraisal Group NorthWestReal Estate Appraisers & Consultants

June 6, 2008

Kent Kinyon
Controller
Lewis-Clark State College
500 8th Avenue, Controller's Office
Lewiston, ID 83501

RE: **Complete Appraisal-Summary Report**
Clearwater Apartments
402-418 Main Street
Lewiston, Idaho

Dear Mr. Kinyon:

At your request, I have analyzed the real property referenced above to estimate the market value of the Fee Simple Interest as it appeared on April 15, 2008, the date of inspection. This appraisal is described in detail in the attached Complete Summary report that consists of 44 pages and Addenda.

This appraisal report has been prepared in accordance with the Standards of Professional Practice and Code of Ethics of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and my interpretation of the current reporting requirements of federally regulated lending institutions. No required approach was omitted and the analysis developed for each is adequate.

On April 8, 2008, and at other times since, I personally inspected the subject property and investigated the market for this type of property and other pertinent facts affecting value. The subject property is a two and three story, $\pm 34,314$ sf, 32-suite student housing facility with 117 bedrooms above a main floor of commercial space on a $\pm 19,500$ sf useable site in downtown Lewiston. I have also talked with well-informed brokers, other appraisers, assessors and other property owners in the community for the purpose of forming an opinion of value.

I have prepared an opinion of the market value as of the date of inspection. Based on my examination and study of the property and the market, and subject to the assumptions and limiting conditions contained in this report, the estimated market value of the Fee Simple Interest in the subject property is **\$2,800,000**, "AS IS" with **\$2,600,000** attributed to the real property and \$200,000 for the furniture, fixtures and equipment.

Respectfully,



Michael J. Sprute, MAI
Idaho State Certified General Appraiser
Cert. No. CGA-163

1225 N. Argonne Rd., Suite B· Spokane Valley, WA 99212
(509) 324-3555 • FAX: (509) 534-2021

CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

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CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
- My 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. The appraisal assignment is not based on a requested minimum or maximum valuation, a specific valuation or the approval of a loan.
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to the person signing this report.
- As of the date of this report, I, Michael J. Sprute, MAI, have completed the requirements under the continuing education program of the Appraisal Institute.



Michael J. Sprute, MAI
Idaho State Certified General Appraiser
Cert. No. CGA-163

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SUBJECT PHOTOS**View Southeast of the older west half from Main Street****View southeast of new 4-Story building from Main Street**

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SUBJECT PHOTOS**View southwest from 5th Street and Main Street****View westerly from across 5th Street**

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SUBJECT PHOTOS

View northerly from the 5th Street hill.



View north of the new building from the top of the steep hill to the south.

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SUBJECT PHOTOS

View northerly of the older building from the steep hill to the south.



View west along Main Street from east of 5th.

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SUBJECT PHOTOS**Typical Living area****Average size bedroom**

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SUBJECT PHOTOS**Typical bathroom****Shower/toilet area****Typical shower**

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SUBJECT PHOTOS

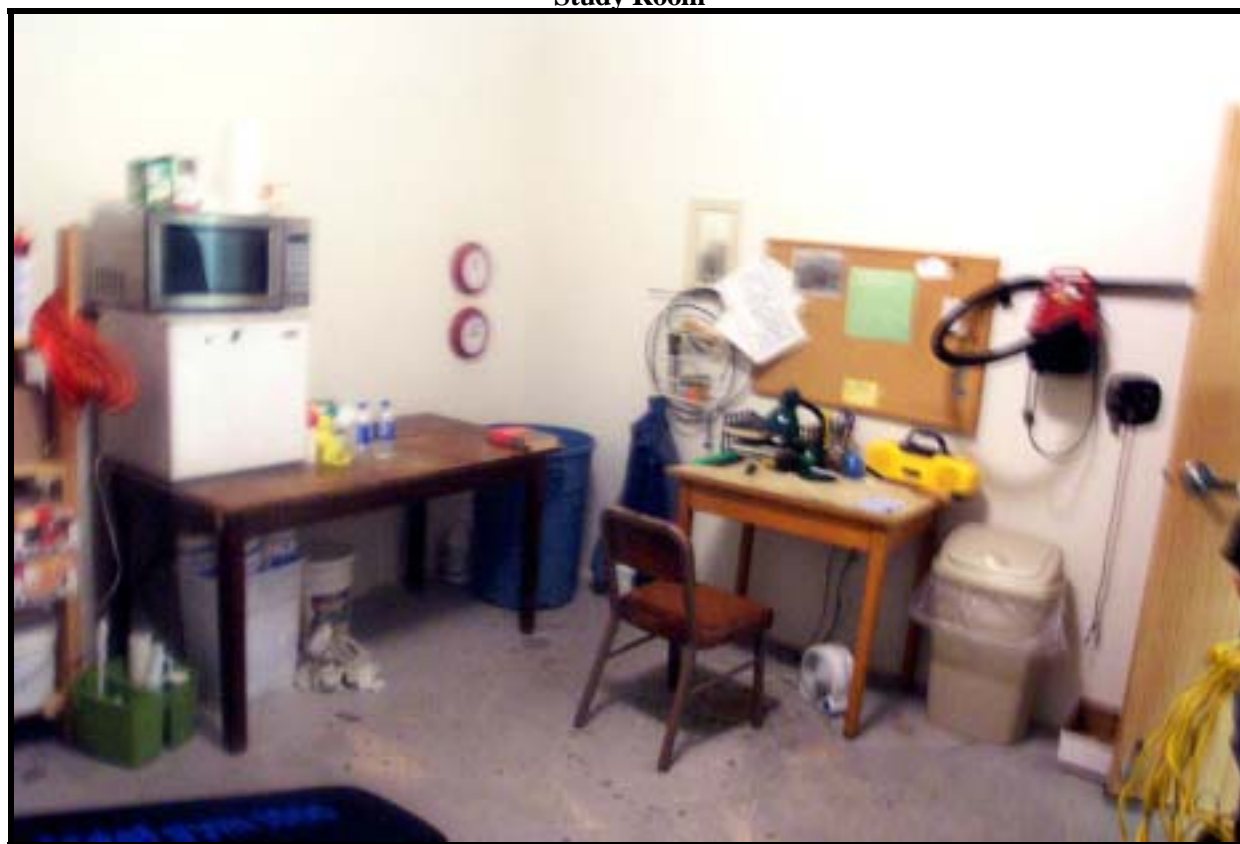
Common area in central core by the elevator.



Laundry room.

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SUBJECTPHOTOS**Study Room****Maintenance Room**

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The following Complete Appraisal, Summary Report is intended to comply with the reporting requirements as set forth under standards rule 2-2(b) of the Uniform Standards for Professional Appraisal Practice (USPAP). It contains an adequate discussion of the data, reasoning, and analyses that were used to develop the opinion of value. It also includes an adequate description of the subject property, the property's locale, the market for the property type, and the appraiser's opinion of highest and best use. All data, reasoning, and analyses used to arrive at an opinion of value are contained in this report. The depth of discussion is sufficient for the need of the client, and for the intended use as stated herein.

This report is prepared for the sole use and benefit of the client and is based, in part, upon documents, writing, and information owned and possessed by the client. Neither this report, nor any of the information contained herein shall be used or relied upon for any purpose by any person or entity other than the client. The appraiser is not responsible for the unauthorized use of this report.

CLIENT:	Lewis-Clark State College Kent Kinyon, Controller
PROPERTY APPRAISED:	Clearwater Apartments, 117 cluster style bedrooms in 32 suites above a main floor retail space not included.
PROPERTY LOCATION:	402 & 410 Main Street, Lewiston, Idaho
PURPOSE OF THE APPRAISAL:	Estimate Market Value AS IS.
INTENDED USE OF THE APPRAISAL:	Purchase & Mortgage Loan Considerations.
PROPERTY RIGHTS APPRAISED:	Fee Simple Interest
IMPORTANT DATES:	
Date of Inspection:	April 8, 2008
Date of Report:	June 24, 2008
SITE DESCRIPTION:	
Size:	±39,100sf gross with ±19,500sf useable.
Access:	Good frontage on Main Street and 5 th Street.
Topography:	Nearly level for the building site to a very steep hillside.
Zoning:	Commercial in Lewiston.
IMPROVEMENT DESCRIPTION:	
Type & Construction:	Average to good quality, wood and steel frame with concrete, brick and dryvit exterior.
Size:	34,314sf gross on two and three floors. 117 bedrooms, 32 suites.
Year Built:	West half built in 1910 and remodeled in 2006. East half is new in 2006.
Quality & Condition:	Average to good quality and condition.
HIGHEST and BEST USE:	College apartments as developed.

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SUMMARY OF CONCLUSIONS**LAND VALUE:**

Size	32 UNITS
Rate/Unit	<u>\$10,000</u>
Indicated Value, Rounded	\$320,000

COST APPROACH

Total Cost New $\pm 34,314$ sf @ \$143.20	\$4,913,940
Depreciation from all Causes	<u>1,474,180</u>
Depreciated Cost	\$3,439,760
Land Value	<u>\$320,000</u>
Total Indicated Value, Rounded	\$3,745,000

INCOME APPROACH:

Total Effective Gross Income	\$402,358
Expenses	<u>\$201,001</u>
Net Operating Income	\$413,712
Overall Capitalization Rate	7.50
Indicated Value	\$2,551,513
Less Adjustments	<u>\$70,000</u>
<i>Income Approach Conclusion, Rounded</i>	\$2,480,000

SALES COMPARISON APPROACH:

Price/Unit: \$85,000 x 32	\$2,720,000
Price/sf: \$80.00 x 34,314	\$2,745,000
Price/Bedroom: \$25,000 x 117	\$2,925,000
Effective Gross Income Multiplier:	
8.25 x \$402,358	\$3,320,000
<i>Sales Comparison Approach Conclusion, Rounded</i>	\$2,925,000

“AS IS” VALUE CONCLUSION \$2,800,000

EXPOSURE PERIOD ESTIMATE:

MARKETING PERIOD ESTIMATE:

Critical Issues & Important Considerations

The subject property is the second through fourth floors of a three and four story facility built in 2006 with about 13,350sf of lobby and retail on the main floor. There has not been a condominium declaration or documents prepared for transferring the ownership of these upper floors. This appraisal assumes that the final condo documents will include the basic areas outlined in this report with common area access to the main floor lobby/elevator/stairwell area. There are no atypical appraisal problems, except that this type of facility rarely sells. This appraisal assumes that there is no significant hazardous contamination and the opinions of value are predicated on a “clean” site.

Delineation of Title

In 2004-05, Clearwater Historic Development, LLC acquired 402 Main, a three-story brick building know as the Adams Building and 410 Main, a vacant parcel that had been developed with a three story

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building that was destroyed by fire. Clearwater designed, remodeled and built the existing buildings in 2006. On April 26, 2006, the subject parcels were transferred to College Town Development Idaho, LLC by Quit Claim Deed.

Purpose and Intended Use

The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property "As Is" on April 8, 2008. The function and intended use of this appraisal is to provide the client with value estimates as a basis for purchase and collateral loan purposes.

Real property includes the interest, benefits and rights inherent in the ownership of physical real estate, subject to the four powers of government; that is, taxation, eminent domain, police power and escheat. A fee simple estate is an estate without limitations or restrictions. A leased fee estate is a property held in fee with the right of use and occupancy conveyed by lease to others.

Scope of the Analysis

To estimate the market value of the fee simple interest in the subject parcels, I have investigated the market in which the subject is situated and attempted to identify and analyze all relevant data that may affect or indicate property value. These data include economic and demographic trends, comparable sales data, absorption rates, rental information including vacancy and expenses, and significant rates and ratios relating to value. In my research, I interviewed sellers, purchasers, brokers and other individuals familiar with value, sales and trends in the market.

In developing this appraisal, I have attempted to be aware of, understand, and correctly employ the recognized methods and techniques necessary to produce a credible appraisal. Each appraisal generally includes the Cost Approach, Sales Comparison Approach and Income Approach to Value. This is a complete summary appraisal that includes a sufficient analysis of the Cost, Sales and Income approaches.

I performed a physical inspection of the subject property, including the site and exterior and interior of the improvements. The local and regional market was surveyed and researched for data and factors that relate to and impact the value of the subject property. The local and regional market was investigated and researched for similar comparable sales and rental data so that an estimate of value by the Sales Comparison and Income Approaches could be made. When possible, sales data were verified by the buyer, seller, or broker. A rental survey was also made to identify both market rent levels and vacancies for the Income Approach. In my opinion, the complete appraisal process per USPAP requirements was performed.

For the purpose of this assignment, I have considered the Cost, Income and Sales Comparison Approaches to Value. I have gathered data from the Cities of Lewiston and Clarkston, Nez Perce County, State of Idaho, various brokers and sales people, as well as buyers and sellers in the county in order to compile sufficient information from which to form an opinion of value on the subject property.

Definition of Value

Market Value is defined as: "The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to

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buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and both acting in what they consider their own best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars and 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.¹

Conformity with the USPAP and Competency Provision

This appraisal has been developed to conform to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation, and with the Standards of Professional Practice and Code of Ethics of the Appraisal Institute. I have not departed from the USPAP. The appraisal is reported in a summary format. In my opinion, all significant information necessary to reach a reasonable value conclusion has been disclosed in the report.

I am familiar with the appraisal of this type of property and with the locale in which the subject is located. I believe I have sufficient education and experience to appraise the subject property. I have not appraised any similar apartment style cluster housing, however, I have appraised college apartments over the last eight to ten years. I have researched the market for sales and consulted other knowledgeable appraisers regarding the appraisal of similar facilities. Consequently, I found no need to take special measures to conform to the competency provision of the USPAP.

No information that was required or considered necessary for the completion of the appraisal is unavailable. Adequate information was gathered from which to form an opinion of value. However, if in the future additional pertinent information becomes available, I reserve the right to consider the information and its impact on the value estimated herein. Such review and consideration may be at an additional fee.

Reasonable Exposure/Marketing Period

The exposure period is the length of time the subject property would have been offered for sale prior to the date of the appraisal at a price that would have resulted in a sale at the estimated value on the date of the appraisal. The marketing period is the time required for the sale of the subject property as of the date of value, recognizing its characteristics and the market conditions. The subject property is of a size and quality that would be attractive to many investors. It is located in an attractive downtown area with good exposure and access. Most of the sales used in the Sales Comparison Approach were of comparable properties with an exposure /marketing time of generally less than one year.

¹ Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42, Definitions (f).

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**The Appraisal is Subject to the Following
Limiting Conditions**

Unless otherwise stated, this appraisal report is made expressly subject to the following conditions and stipulations:

This appraisal report is considered confidential between the appraiser and the client, Lewis-Clark State College.

This appraisal report has been prepared in accordance with appraisal standards and reporting requirements of the Appraisal Foundation and the Appraisal Institute.

Neither all nor part of the contents of this report shall be conveyed to the public through any electronic or written media without the written consent and approval of the author, particularly as to valuation conclusions, the identity of the appraiser, or the firm that he is associated with, or any reference to the Appraisal Institute or the MAI designation.

In the course of developing this appraisal, I relied on information gathered from numerous individuals. Although I have attempted to verify these data where possible, I assume no liability should these data be proven inaccurate. The data is assumed to be true and correct as reported.

The date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. I assume no responsibility for economic or physical factors occurring at some later date that may affect the opinions stated herein. Should additional pertinent information become available after the date of the appraisal, the appraisal may be subject to revision at an additional fee.

Any projections included in this report are utilized to assist in the valuation process and are based on current market conditions, anticipated short-term supply and demand factors, and a local economy similar to the current economy. Therefore, the projections are subject to changes in future conditions that I cannot accurately predict and that could affect the future income or value projections.

I do not intend to express an opinion on legal matters that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report. A reasonable attempt has been made to consider all available governmental regulations or restrictions, but I assume no responsibility for future conditions that are not readily available or public knowledge at the time the appraisal is made.

No opinion as to title is rendered. Data on ownership and the legal description were obtained from sources generally considered reliable. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions, except those specifically discussed in the report.

I have made no engineering survey. Except as specifically stated, data relative to size and area was taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.

Maps, plats, and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.

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No opinion is expressed as to the value of subsurface oil, gas, or mineral rights, and the property is not known to be subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

Testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal, unless such arrangements are made a reasonable time in advance.

The liability of the appraiser and his employees, is limited to the client only and only up to the amount of the fee actually received for the assignment. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiency in the property.

No detailed soil studies covering the subject property were available to the appraisers. Therefore, premises as to soil qualities employed in this report are not conclusive but have been considered consistent with information available to me.

Various brokers and owners provided income and expense data utilized herein, but do not represent audited returns. The property is appraised assuming it to be under responsible ownership and competent management, and available for its highest and best use.

It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws, unless noncompliance is stated, defined, and considered in the appraisal report. The presence of substances such as asbestos, ureaformaldehyde foam insulation, and other potentially hazardous material, or the existence of underground storage tanks for petroleum products, may affect the value of the property. I am not qualified to detect such substances. The value estimate is predicated on the assumption that there are no such materials or tanks on or in the property in a form or condition that would cause a loss in value.

This appraisal has been developed under the assumption that there has been no discharge, dumping, spillage, uncontrolled loss, seepage, migration, or storage of hazardous substances that would adversely affect the value of the subject property. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain experts in the various fields if desired.

Where the value of the various components of value are shown separately, the value of each is segregated only as an aid to better estimate that value of the subject. The independent value of the various components may or may not be the market value of the component.

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REGIONAL and CITY DATA**REGIONAL MAPS****Internet Aerial**

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The subject parcels are located in the central downtown area of the city of Lewiston in the Lewis-Clark Valley, which is bisected by the Washington and Idaho borders formed by the Snake River. The “sister-cities” of Lewiston and Clarkston are located on opposite sides of the Snake River, at its confluence with the Clearwater River in a deep valley formed by these two rivers. Lewiston and Clarkston are located approximately 335 miles southeast of Seattle, 350 miles east of Portland, 211 miles southwest of Missoula, 271 miles northwest of Boise, and 114 miles south of Spokane. Lewiston is the county seat of Nez Perce County. Clarkston is located in Asotin County, and the city of Asotin is the county seat.

The Lewis Clark valley, including Nez Perce County, ID and Asotin County, WA, has a combined population of near 60,000 people. Nearly 90% of the area’s population lives within the city limits of the two primary urban areas. The valley population has grown only about 1.5% over the last five years while the State of Idaho has grown 10.5%. There has been little in-migration and expansion of the employment base. However, unemployment remains fairly low with an average unemployment of less than 4%.

Lewiston and the Moscow/Pullman area, located about 30 miles to the north, are rivals for regional shopping in North Central Idaho, Southeastern Washington, and the Northeastern Oregon area. Lewiston has long been the dominant supply and financial center of the region, however, in recent years, Moscow/Pullman has proven serious competition with two shopping malls. A new shopping center, including a Payless Drug Store and a Safeway grocery store, was completed a few years ago in Pullman. Both communities have added Wal-Marts with the Lewiston-Clarkston Valley now having the only Costco. Moscow and Pullman are the locations of the University of Idaho and Washington State University, respectively.

The most important economic base to the Lewiston-Clarkston area in addition to the Potlatch Corporation is the most easterly extension of the Columbia-Snake Inland Waterway. With the completion of the Lower Granite Dam in 1975, slack water navigation reached the area continuing to expand the economy and creating several ports. The main products being shipped downstream are logs and grain from the Ports of Clarkston, Wilma and Lewiston. Chips are being shipped to U.S. Ports of the West Coast, while logs are being shipped as far as the Orient. Finished paper products from the Potlatch Corporation are also being shipped from Lewiston to ports all over the world.

The major employer in the area is Potlatch Corporation with $\pm 2,100$ employees and a pulp and paper mill located east of the Lewiston city limits. Potlatch continues to operate two plywood mills at two other North Idaho locations. It has shut down several sawmills in other communities in recent years; however, their pulp and paper mill remains profitable and is the dominant industry in the area. Regence-Blue Shield of Idaho employs $\pm 1,000$ in the region and ATK (formerly Blount/Omark), employs ± 680 and constructed a new plant in the Lewiston Orchards providing 40 new jobs. Bennett Lumber Products (sawmill) is the largest employer in Clarkston. St. Joseph Medical Center with ± 808 employees, Lewiston School District with ± 710 , Lewis-Clark State College with 720 and Clarkston School District with 350 employees are other large employers in the area.

Recent additions to the retail market include Wal-Mart and Costco who each developed 155,000 square foot outlets respectively in Lewiston and Clarkston. Other relatively recent projects have included a Big 5 Sporting Goods, Home Depot, Staples, and Petco. Several banks, small retail centers and restaurants as well as a new Safeway have opened in recent years. Though the new stores have created hundreds of jobs, many of them were simply transfers from the smaller retail outlets no longer able to

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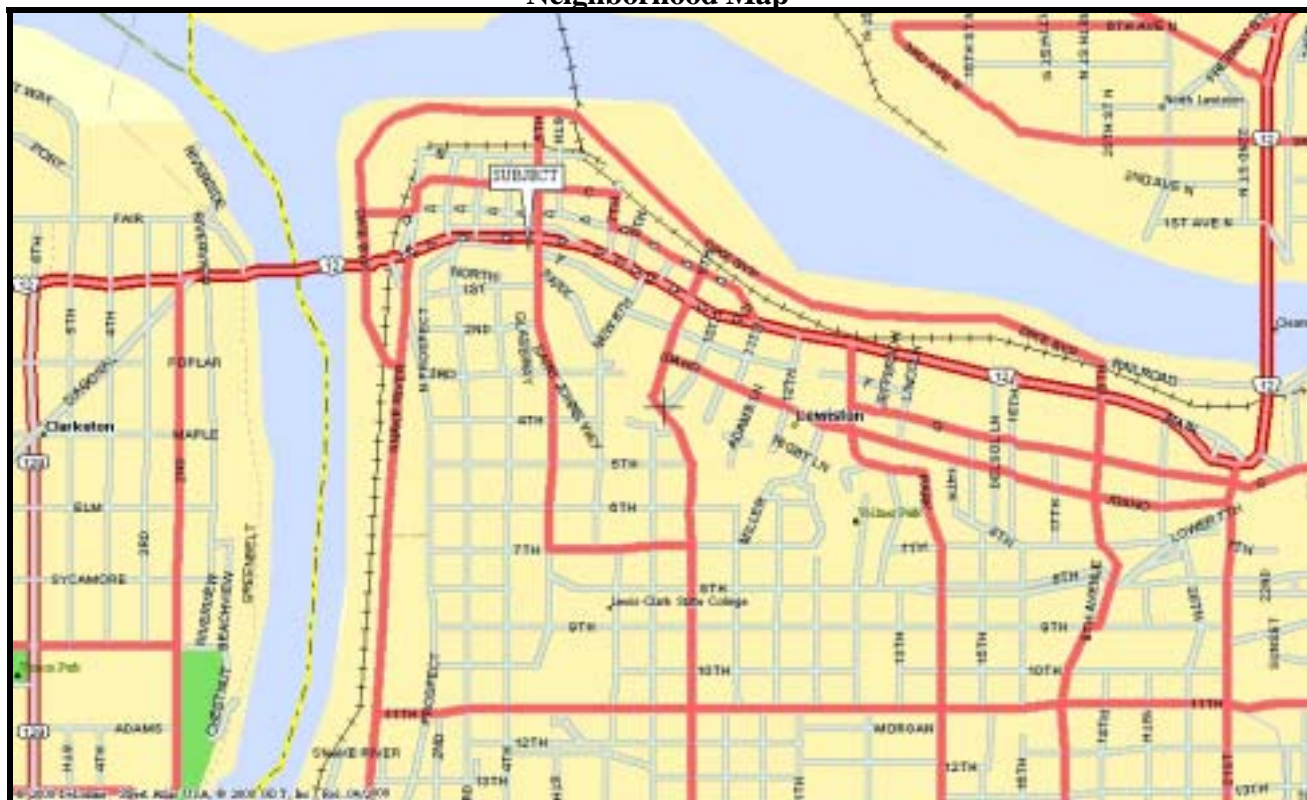
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compete with these giants. The demand for older/smaller commercial properties is less than the current supply, and a high vacancy rate, particularly among older buildings in secondary locations is occurring.

The local economy is expected to be stable, with a slow growth pattern fueled by normal population increases. The outlook for most secondary and older real estate is for limited demand in the short term and a stable pattern over the long term. Until the demand for goods and services increases to a level that will support the occupancy of the available space, the vacancy rates will remain relatively high and real estate sales and leases will continue at a sluggish pace.

NEIGHBORHOOD DESCRIPTION

Neighborhood Map



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**MSN Aerial looking South.**

The subject properties are located at the southwesterly corner of Main Street and 5th Street near the core of the downtown area. The “central business district” is that area south of the Clearwater River from roughly a few blocks west of the Highway 12 bridge on the east to the Snake River on the west. This is a ±three to five block wide area running along the north side of a steep bluff upon which the remainder of Lewiston is constructed.

The neighborhood is generally one to three story commercial facilities including general office, banks, general retail and some entertainment businesses such as lounges and restaurants. The original commercial improvements were built in the early 1900’s with some construction in the 1970’s and 1980’s. There has been little new construction over the past ±20 years, although there has been some major remodeling projects.

Main Street is a one-way, two lane arterial through the westerly ±10 blocks of the downtown area, coupled with D Street, one block north. Across 5th Street to the east of the subject is a two-story, multi-tenant, mixed use retail and office complex with street level entries on both levels from Main and F Streets. In the block to the east is mostly two story buildings with mostly retail uses on the main floor and office uses above. Across Main Street from the subject property is an older, two-story brick building housing some Lewis-Clark State College outreach facilities. Further west are one and two story retail and office buildings including some lounges and restaurants.

Because of the steep bluff south of the downtown area, north/south access to and through the area is limited to just a few streets including 5th Street, 8th and 14th. The downtown streets are mostly two lane, with traffic lights at major intersections. East/west access is via D and Main Streets and a

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Dyke Bypass route along the Clearwater River. The majority of the rest of the streets in the neighborhood are paved, two lane city streets with curbs and sidewalks. All utilities are available throughout the neighborhood. Electricity, natural gas and telephone service are provided by private companies. Municipal water and sewer is available from the City of Lewiston.

The subject remodel and new construction is one of a very few new projects in the downtown area over the past ten years. The downtown area is mostly older buildings with generally smaller retail users and office tenants. Most new retail and restaurant construction has been along 21st Street and Thain Road in southeast Lewiston. Recent construction has included a large Wal-Mart, Home Depot and similar facilities.

The downtown area remains a stable identifiable commercial district with a good mix of commercial, retail, office and service businesses. It is the location of the County Courthouse complex, City offices and police department. The general outlook is continued stability, but with slow to moderate growth. There is a substantial amount of vacant storefronts in the downtown area, some of which have been vacant for a few years. There has been little demand for space by new retail tenants because the new growth and development has been along 21st, Thain Road and other suburban arterials. The downtown has been in a slow decline for decades with some changes to a lower intensity use for many buildings. The population growth is projected at less than 1% per year, and it could be a few years before the present supply of commercial buildings in the downtown Lewiston area is absorbed.

PROPERTY DESCRIPTION

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Assessor's Plat Map

SITE DESCRIPTION

Location: The subject parcels are in a good location on the southwest corner of Main Street and 5th Street. They have common street addresses of 402-410 Main Street, Lewiston, Idaho.

Legal Description: The following legal description is from the 2006 Quit Claim Deed:

Order No.: 15568

EXHIBIT "A"

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 171; 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

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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 5th Street in said City of Lewiston.

AND

A part of Lot 2, Block 29, according to the official survey and plat of the CITY OF LEWISTON, in said County and State and more particularly described and bounded as follows, to-wit:

Commencing at the Northeast corner of Lot 3 of said Block 29; running thence Easterly along the South line of E Street a distance of 68 feet; thence Southerly at right angles to said E Street to the South line of said Lot 2; thence Westerly along the South line of Lot 2 to the Southeast corner of Lot 3; thence Northerly along the East line of said Lot 3 to the POINT OF BEGINNING.

AND ALSO:

A part of Lot 3 of said Block 29, according to the official survey and plat of the CITY OF LEWISTON, in said County and State and more particularly described and bounded as follows, to-wit:

Commencing at the Northwest corner of Lot 2 in said Block 29; running thence Westerly along the South line of E Street a distance of 22 feet; thence Southerly at right angles to E Street a distance of 165 feet to the South line of said Lot 3; thence Easterly along the South line of said Lot 3 to the Southwest corner of said Lot 2; thence Northerly along the West line of said Lot 2 to the POINT OF BEGINNING.

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Size and Topography: The subject site is an irregular parcel with ± 198 ft on Main Street and a maximum depth of ± 260 ft on 5th Street with a minimum width of ± 155.02 ft on the west. The total site area is $\pm 39,100$ sf, according to my measurements of the above plat map. The useable area is $\pm 19,500$ sf because of the steep hillside in the south half of the site. No soil survey was taken, but the site appears to be of a sandy clay loam with some rock outcroppings typical of the Lewiston area with no major construction problems evident in the surrounding, older buildings. The property does not appear to be within a Federally Identified Flood Hazard Area and is in Zone C on FIRM CP1601040001B, effective 1/20/1982.

Access: Almost all of the entire useable area of the site is developed with the building improvements with vehicle access off 5th Street at the southeast corner of the useable portion of the site. If vacant, the parcel could presumably be developed with some vehicle access from Main Street. Both Main and 5th are arterials providing the site with good access to most areas of Lewiston and Clarkston.

Services: The City of Lewiston provides water and sewer service. Refuse service; electricity, natural gas, and cable television services are available from private purveyors. Police and fire protection are good with no public bus service currently available.

Hazardous Materials: No Phase 1 Environmental Site Assessment was provided for this appraisal. I am not qualified to detect or evaluate the inappropriate storage or disposal of hazardous material or products, although no suspicious containers or leaks were observed. The client should seek a Level 1 site assessment from a qualified provider if they so desire. The appraiser's conclusions of values assume that the property is free of any significant contamination. I reserve the right to re-analyze the value conclusions if significant contamination is found. Presumably any site remediation was done before the new building was constructed in 2006.

Zoning: The subject parcels are zoned C-4, General Commercial in the City of Lewiston. This zone allows a wide variety of commercial uses including retail sales and services, service stations, eating and drinking establishments, offices, banks and personal service uses. The existing use is allowed under this zone. Parking standards vary depending upon the use. The subject property is within the boundaries of the Central Business District where parking requirements do not apply. If not within the CBD, the subject facility would need 95 parking spaces.

Easements and Encroachments: A preliminary title report was not provided for this appraisal. Only the typical utility easements are assumed to encumber the subject parcels. Based on a visual inspection of the subject parcels, there does not appear to be any easements or encroachments that adversely affect the subject's use and utility. According to the plans furnished for this assignment, some of the brick facing on the existing west building may be in the right of way for Main Street. This is not uncommon for old buildings in the downtown area.

Assessed Valuation and Taxes: The subject parcels are assessed under Nez Perce County Assessor's Parcel No.'s RPL0360029002AA, RPL 03600290010A and RPL0360029002BA. The total current assessed value is \$100,650 for the land and \$4,153,921 for the improvements for a total of \$4,254,571. 2007 taxes were \$78,971.26.

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Improvement Description

The westerly ± 90 ft of the subject property is improved with a three-story building constructed in 1910 and formerly known as the "Adams Building". It has a concrete foundation and is of concrete, steel and brick construction with brick exterior walls. It was remodeled in 2006 in conjunction with the construction of the new four-story building attached to the east. Exterior windows were replaced with fixed, vinyl, double and single hung, thermo-pane with low e glass. The interior second and third floors have mostly wood frame partitions with painted drywall walls and ceilings. Interior finish is the same as the new building and described below.

The new structure has a reinforced concrete foundation, a steel frame and has a combination of brick veneer and hardi-lap siding for the second through fourth floors above a first floor of reinforced concrete. It has vinyl windows, with steel and safety glass exterior doors. The roof is single ply membrane over tapered, rigid insulation up to R-38 on a steel deck. Exterior walls have R-21 batt insulation. The second floor is 6" composite concrete on a steel deck with steel floor joists. The third and fourth floors are 1.5" concrete on a plywood deck with wood TJI joists. Interior construction is 6" metal stud partition walls with painted drywall walls and ceilings. Floors are mostly commercial grade carpet with sheet vinyl in kitchenette and bathroom areas as well as the laundry area and some sealed concrete in storage and maintenance areas.

The interior of the old building is remodeled into two, four-bedroom suites and two, five-bedroom suites per floor with a laundry facility on the second floor and a study room on the third floor. Each suite has a small common room with limited kitchenette of ± 4 ft or 5ft counter space, small refrigerator and wall-mounted microwave. The five bedroom suites have two bathrooms each with a 4ft and 5ft vanity, 36" square, fiberglass shower stall and toilet area. Each bedroom has a lock-off door, and motel style, electric, through-the-wall or ceiling mounted HVAC system. Each floor has a handicap accessible restroom in the hallway next to the entry to the new building.

The interior of the new building contains six, 4-bedroom, one bath suites and one 2-bedroom, one bath suite on the second floor and five, 4-bedroom, one bath suites and two, 3-bedroom, one bath suites on the third and fourth floors. Each floor also has a one-bedroom, one bath suite for the resident assistant. All of the suites have a ± 4 ft vanity with single sink and about half of the suites have ± 5 ft feet of kitchenette counters and the others have ± 4 ft. All have a 36" square, fiberglass shower stall and toilet area. Each bedroom has a lock-off door, and motel style, electric, through-the-wall or ceiling mounted HVAC system.

The central common area between the two buildings has a lounge area, elevator access and stairwell. Each building has a second central stairwell providing access to Main Street for the old building and off the second level to the rear of the new building.

Site Improvements: The buildings occupy most of the useable portion of the subject parcels. There are retaining walls and chain link fencing along the south line of the useable portion. There are four ft, six ft and 8ft wide sidewalks leading from the rear of the second floor of the new building and used as primary pedestrian access to the complex. There is also a small amount of lawn, crushed rock landscaped area and a concrete maintenance vehicle parking pad in front of a fenced dumpster area.

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Quality and Condition: The improvements are of average to good quality and appeal. The existing building was completely gutted and rebuilt with new windows, insulation, electric wiring, plumbing and roof cover as well as new partition walls and interior finish. The effective age of all of the improvements is about two years.

Functional Utility: The improvements have adequate functional utility for their intended use as student housing in conjunction with Lewis-Clark State College. The floor plans are functional, although common area kitchenette/living rooms and toilet/shower areas are small. Clearance is 3ft past the showers and 2.75ft in the toilet area.

Personal Property, Fixtures, and Equipment

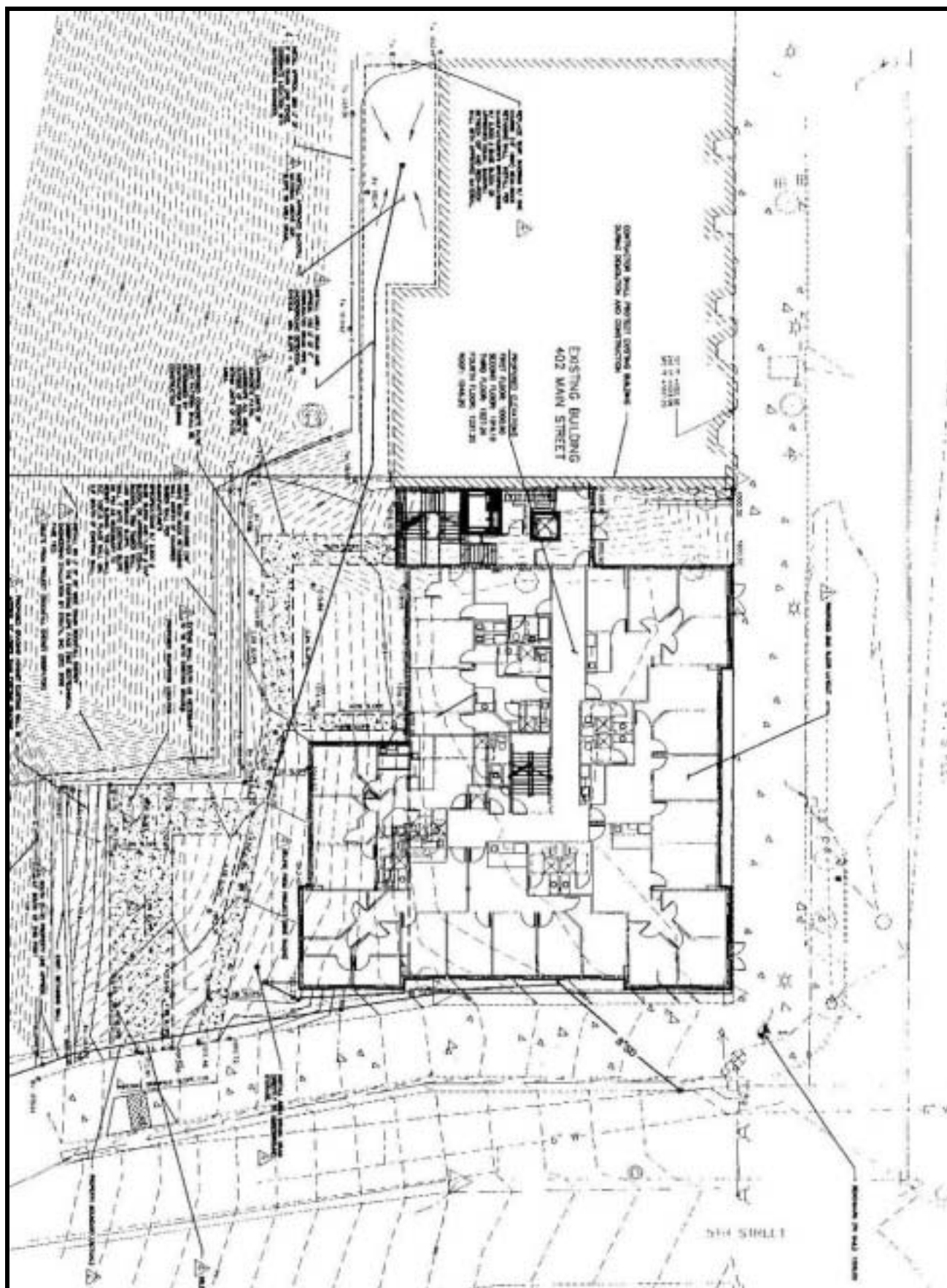
Each suite is equipped with a refrigerator, microwave, table and two chairs as well as single beds, small desks with chairs and wardrobe closets in each bedroom. There is also common area furniture, washers and dryers in the laundry room and study room tables and chairs. All of these items are needed for the facility to function as student housing and included in the valuation of the facility.

Occupancy and Use of Subject

The subject facility is leased to Lewis-Clark State College for use as student housing. They lease only the second through fourth floors and access through the common lobby with elevator and stairwell on the main floor between the two buildings. The lease will be discussed in the Income Approach section of this report.

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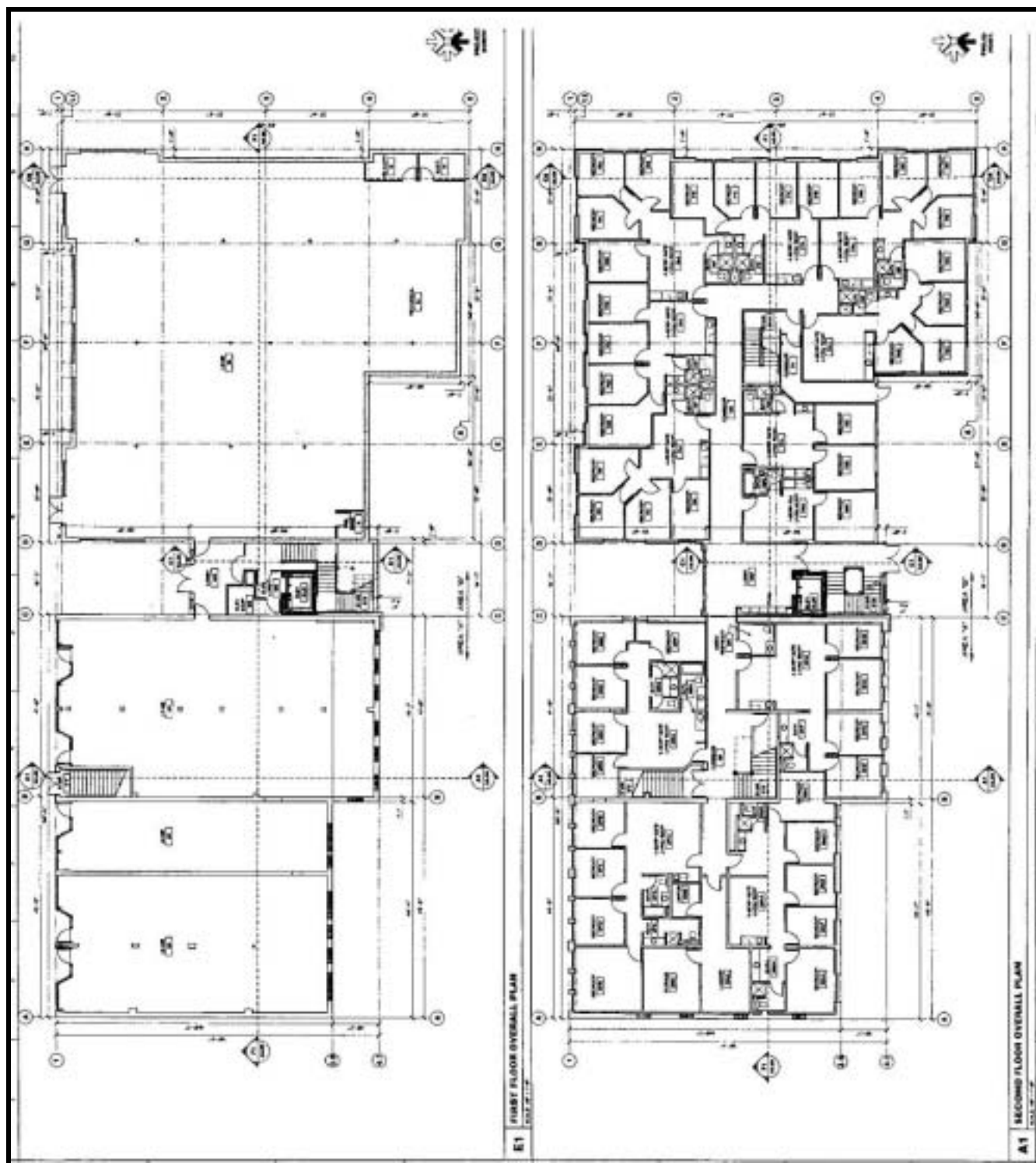
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Site Topographic Plan

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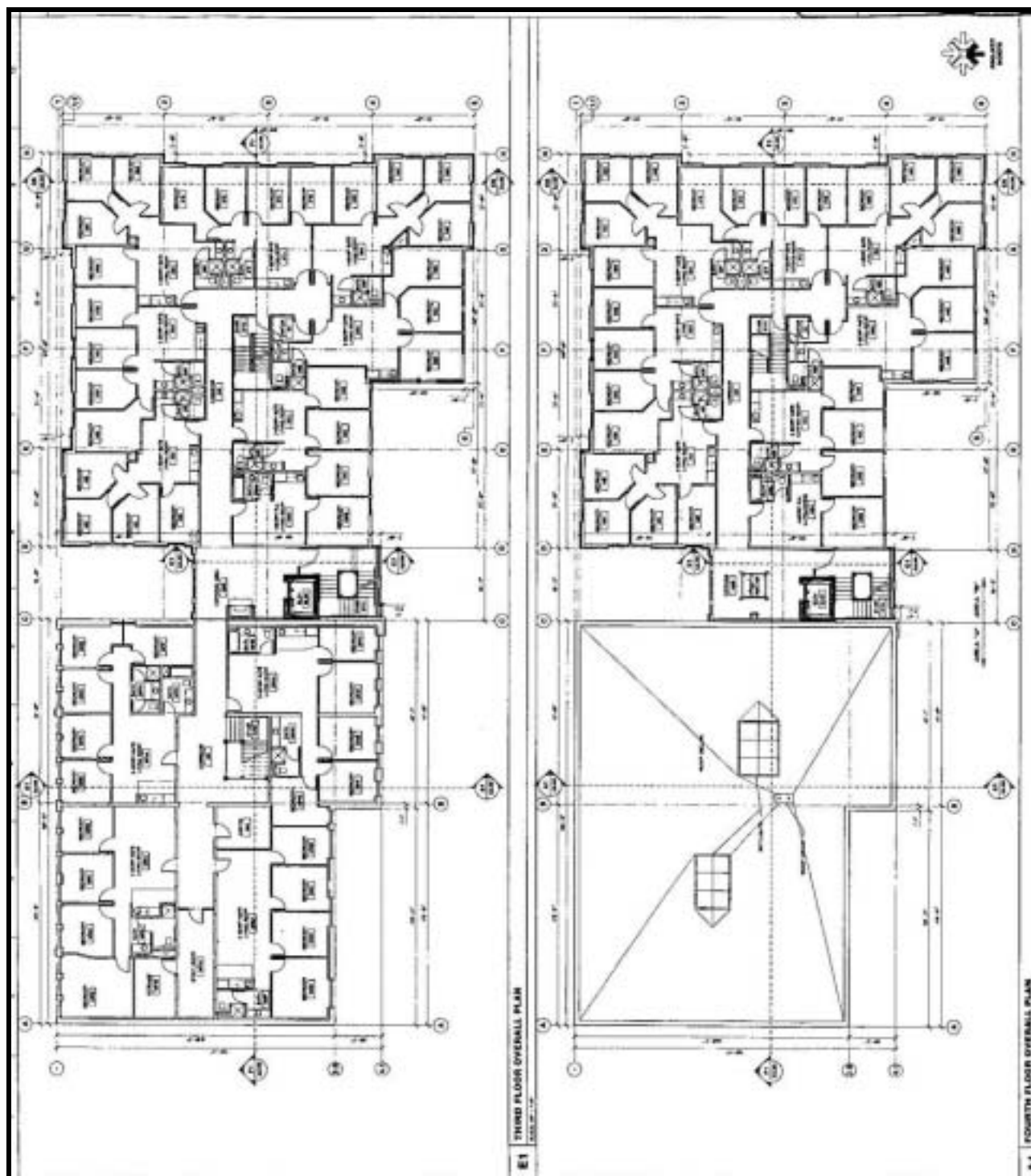
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First and Second Floors (only lobby of first floor considered)

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Third and Fourth Floor Plans

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HIGHEST AND BEST USE

Definition

Highest and best use is defined as follows: "The most profitable and likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future. However, elements affecting value that depend upon events or a combination of occurrences that, while within the realm of possibilities are not fairly shown to be reasonably probable should be excluded from consideration. Also, if the intended use is dependent upon an uncertain act of another person, the intention cannot be considered."

"That use of the land which may reasonably be expected to produce the greatest net return to land over a given period of time. That legal use which will yield to land the highest present value; sometimes called optimum use."²

The following tests must be passed in determining highest and best use. The use must be legal. The use must be probable, not speculative or conjectural. There must be a demand for such use. The use must be profitable. The use must be such as to return to land the highest net return. The use must be such as to deliver the return for the longest period of time.

The Subject Parcels As Vacant

Physical Uses: The useable area of the subject parcels is ±19,500sf with good frontage and visibility along Main Street at 5th Street in nearly the center of the downtown area. A variety of uses are physically possible including most commercial uses of the surrounding properties. Typical buildings in the general area are one to three stories with a scattering of older, taller buildings.

Legal Uses: The subject parcels are zoned C-4, General Commercial under the current Zoning Ordinance. This zone allows for a wide variety of commercial uses. Surrounding uses include boutique retail, offices, banks and general commercial uses.

Reasonable and Probable Uses: Because of their size, location and accessibility, the most reasonable and probable uses of the subject parcels, if vacant, would be for development with two-story, mixed-use, general commercial buildings with adequate access, landscaping and some parking. This location is near the center of the downtown area of Lewiston. There has been limited demand for new commercial and office uses in the general area with most new development outside of the downtown area partly due to a lack of onsite or adjacent parking in the downtown area. Many of the typical downtown tenants, including commercial banks have moved to the suburbs. The sites could accommodate a wide variety of mixed commercial uses. Single or multi-tenant buildings of up to ±55,000sf could be developed on four floors including parking. One possible scenario would be to develop the ground floor with retail with the next two levels for parking and two levels of office and/or apartments above.

Conclusion - Highest and Best Use as if Vacant: In my opinion, the highest and best use of the subject parcels as vacant would be for single or multi-tenant, mixed use commercial buildings of two to

² American Institute of Real Estate Appraisers - Appraisal Terminology and Handbook

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three stories. Demand for new buildings has been slow with no new buildings in the last twenty or more years. Most new construction has been to the southeast of the subject parcels along 21st Street, Thain Road and in the Orchards area. It may be several years before a large mixed-use project would be feasible. Unless a buyer with a specific use was found, the likely purchaser if the parcels were vacant would be a speculative investor willing to hold the parcels for future development.

The Subject Site as Improved

The subject parcels are improved with a three and four story development with retail space on the Main Street level and two and three levels of resident suites above. This appraisal is only of the upper level resident suites. The total gross area is $\pm 34,314$ sf above a $\pm 13,392$ sf first floor that is unfinished retail. There are 32 suites with 117 bedrooms.

Before the subject facility was constructed in 2006, Lewis-Clark State College, LCSC was having to rent rooms in the Red Lion Motel on 21st Street about 1.5 miles from campus. Beginning in the fall of 2003, the College rented 23 rooms with steady increases each fall to 47 rooms for the fall of 2005. During 2005 and early 2006, the subject facility was constructed along with the 88 bedroom, College Place located across 4th St from the campus. This created an abundance of student housing. The College has tried to balance occupancy between the two new facilities, but the overall occupancy rate for all student housing has declined to 85% to 88% for the fall enrollment and 64% to 66% for the spring semester.

Because two projects were built when only one was needed, the supply far exceeds the demand at the present time. As a result, overall occupancy is less than desirable for both College Place and the subject Clearwater Hall. Although the College may eventually remove some older facilities from the housing pool, overall occupancy will still remain below desirable levels for the next few years. The College closed Talkington, a 95 room facility for the fall of 2006 that substantially helped increase occupancy for the subject and College Place and may close the 29 room Parrish House next year. That would also boost occupancy for the subject by an average of 10 rooms per semester. However, overall occupancy will still be below 60% because of the slow summer months.

The rental market in Lewiston is not very strong and there has been no new construction of large apartment complexes greater than 10 units for several years. The College is unable to demand that students rent or reserve rooms during the summer months and is trying to increase occupancy by renting blocks of rooms for a variety of activities including sports camps, music camps and even family reunions. Occupancy during the summer months will be fairly slow for the next few years and may not approach 20% or 20 to 25 rooms per month for a couple of years.

In my opinion, the subject facility is a special use limited primarily to student housing because of its design and lack of additional onsite amenities such as parking. Parking appears to be a limiting factor for the retail space on the main level that is not a part of this appraisal. The retail space has been offered for lease for two years and is still vacant. It is competing with space along 21st and Thain Road that has adequate, drive-up parking for customers as well as employees. Other buildings in the downtown area also appear to suffer from the lack of parking with vacancy levels higher than in the outlying areas. Parking would also help if the subject student housing were to be converted to another use such as offices or senior housing.

In my opinion, it would not be cost effective to convert the subject facility from student housing to

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senior housing. It is possible to convert the units, however, the bathroom areas are too narrow for access by walkers, people with canes or wheelchairs. The toilet areas are even narrower and would be tight for handicap rails or pull bars. It would be expensive to remodel the bathrooms to be acceptable for elderly housing. Most of the bedrooms are designed for a single bed and do not have built-in closets or room for additional furniture. The community facilities needed for a senior housing facility would have to be constructed on the main floor of the subject building that is not a part of this appraisal. Senior housing generally has large community rooms, game rooms, exercise rooms and community eating areas as well as a commercial kitchen. These would all have to be developed on the main floor.

It is beyond the scope of this appraisal to assess the demand for senior housing in downtown Lewiston. Lewiston is a retirement area for the surrounding farming communities in north central Idaho, but new facilities are mostly one-story and located in the suburban areas closer to new shopping areas and medical and dental offices. A 42 unit facility was built in 2007 on Bryden. The lack of convenient parking would again be a detriment for any senior facility that would be competing with new suburban facilities. The small rooms and shared bathrooms would also be less than desirable.

There does not appear to be a strong demand for new office space in the downtown area, again, due in part to a lack of convenient parking. It would be less expensive to convert the apartment suites into office suites. Most of the suites could be utilized as they are with the living/kitchenette areas used for reception and the bedrooms for private offices. The restrooms would also not need to be upgraded because each floor has a handicap accessible restroom in the hallway. The biggest drawback would be lack of demand for office space without convenient parking. Also, office suites would be limited to the size of the existing apartment suites without substantial remodeling. There would also be a lack of large executive offices without remodeling.

In my opinion, the subject is a special use facility limited to student housing in bedroom suites with the existing layout without substantial expense to convert to another use. There does not appear to be a strong demand that would absorb $\pm 34,314$ sf of office space or other uses that would be feasible.

SUMMARY OF VALUATION ANALYSIS

The subject property is the second through fourth floors of a two building complex connected by a common lobby/elevator/stairwell area. No condominium declaration or other documents have been prepared, however, I assume that the necessary documents will be drawn to closely reflect the property as described. Because the subject improvements are a two-year, special purpose facility, the Cost Approach is considered as an indication of the value before any deductions for being an over improvement. Recent land sales have been analyzed to estimate the contributory value of the subject site for the subject 32 units. No sales of newer dormitories or apartment project similar to the subject were found in the Washington, Idaho or Oregon area. I have uses sales of improved apartment properties in Moscow and Pullman in order to derive some indications of value by the Sales Comparison Approach was concluded. A rental survey was conducted to identify market rent, vacancies, and expenses, and to provide the basis to estimate the net operating income for the subject. Capitalization rates were derived from the comparable investment properties, and a value estimate by the Income Approach was concluded.

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COST APPROACH

The Cost Approach normally involves estimating the cost new of the improvements and depreciation from all sources. This is added to the estimated land value as if vacant and ready for development to its highest and best use. Because this is a special use facility, the Cost Approach will be a primary method in forming an opinion of value.

LAND VALUE

The market value of the subject site, as if vacant, is estimated by direct comparison with recent sales of land similar to the subject site in terms of physical and locational features, and Highest and Best Use. Since the subject property is valued as a condominium above retail space on Main Street, I have attempted to form an opinion of value of the contributory value of the land on a price per unit basis, based upon what a developer would pay to develop an apartment complex or senior housing center of similar size.

Only two sales of larger apartment complexes were found in the Lewiston area over the past two years. A 24, 920sf site at 5th & Linden was purchased for a 10 unit apartment in February 2007 for \$85,000 or \$8,500/unit. A 140,575sf parcel at 906 Bryden was purchased in January 2007 for \$425,000 for a 42 unit senior housing center or \$10,119/unit. A 10 unit apartment site of 48,730sf was purchased in May 2003 at 1st Street and 19th Avenue for \$95,000 or \$9,500/unit. A 66,952sf site at 230 Baker Street in Moscow, Idaho was purchased in March 2008 for \$301,282 or \$8,369/unit for a 36 unit apartment complex.

Land Value Conclusion

The subject parcels are in a good location but not as good as some of the comparables for apartment development. The sales summarized above show a range of \pm \$8,500 to \$10,100/unit for typical apartment projects in the Lewiston area. In my opinion, a rate of \$9,500/unit would be reasonable for the subject project. This rate applied to the 32 units results in a value indication of **\$304,000**.

IMPROVEMENT VALUE

The subject project was reportedly constructed for a cost of \pm \$6,000,000 in 2005-06 including the \pm 13,392sf main floor. The total overall cost for the \pm 47,706sf was \pm \$125.77/sf including the land and site improvements.

The Marshall Valuation Service Cost Handbook indicates a current cost for an average quality, Class A, steel frame, dormitory facility similar to the subject with brick, steel or concrete panel exterior walls with some ornamentation, interior walls and ceilings of drywall and carpet floors, one bath per three students, and average electric service of \$121.77 after allowances for local cost adjustments. This description best fits the subject improvements.

A \pm 44,000sf, three-story, brick and steel, 160 bed dormitory is under construction at Whitworth College in Spokane at a reported cost near \$7,000,000 or \$159.09/sf. This facility will include lounge areas and a large kitchen area as well as more bathrooms than the subject facility. The cost is approximate and included demolition of two small, older dorms. It is supportive of the cost indicated by the cost service.

For this analysis, I have used a building cost of \$120.00/sf including plans, engineering, permits and sewer connection. This cost includes all soft costs except financing costs and developer's profit.

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The site improvements of paving, landscaping, sidewalks, fencing, retaining walls and exterior lighting have been added in at \$100,000, which is about \$2.91/sf including a pro-rata share of soft costs. These costs are based on the Marshall Valuation Service and the known costs for local site improvements.

Entrepreneurial Profit & Financing Costs

Entrepreneurial profit is the measure of a fee that a developer will earn upon the sale of an investment property that compensates him for putting together the various elements required in a successful real estate investment project. These elements include the acquisition of the land, construction of the building and the leasing of the project to appropriate tenants at a market rental rate. In my opinion, entrepreneurial profit of 8% would be reasonable for the subject property. Financing costs include interest during construction and the financing fee. Based on a loan of \$4,000,000 and a 6.25% interest rate, construction interest for one year is estimated at \$250,000 and the financing fee at \$60,000.

DEPRECIATION

Depreciation may occur in three basis forms; physical, functional, or from external forces. Physical depreciation includes such things as the age of the improvements, general wear and tear, and deferred maintenance. This depreciation may be curable or incurable. Functional obsolescence is present if the design and/or building characteristics are not well conceived or well utilized. External obsolescence is when forces outside the subject property cause an adverse influence. This could occur through depressed market conditions, certain legislative actions, neighborhood transitions, adverse adjacent property influences, or various other reasons.

The subject improvements are about two years old and have been reasonably maintained with no extraordinary wear or abuse noted on inspection. Based on a normal economic life of ± 40 years, physical depreciation of 5% would be reasonable for general wear. The subject improvements are functional for their intended use as student housing with little wasted space and serviceable floor plans. The bedrooms are of adequate size, the bathrooms are utilitarian and the common areas are somewhat small but functional. There is no basis for any additional charge for functional obsolescence in my opinion.

The subject facility was built at the same time that a competing facility was built with 88 rooms across from the College. As a result, both facilities have suffered some economic loss due to an over supply of student housing for the next several years. In the Sales Comparison Approach analysis, I have estimated an adjustment of 25% for the economic loss. This is primarily due to the vacancy in the units during the summer months, although, occupancy during the school year is also lower than the typical $\pm 95\%$ occupancy expected for competing apartment units. Occupancy is expected to increase over the next few years and a long-term allowance for external obsolescence of 25% appears reasonable.

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Cost Approach Summary**Cost New**

Building	±34,312sf @ \$120/sf	\$4,117,440
Exterior Site Improvements	Lump Sum	<u>\$100,000</u>

Total Hard Costs **\$4,217,440**

Construction Interest and Financing	\$310,000
Developer's Profit @8%	<u>\$386,500</u>

Total Cost New **\$4,913,940**

Depreciation from all Causes @30%	<u>\$1,474,180</u>
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Depreciated Cost **\$3,439,760****Land Value** **32 units @ \$9,500/unit** **\$304,000****Cost Approach Value Indication** **\$3,743,760****Rounded to** **\$3,745,000**The indicated value by the Cost Approach is **\$3,745,000****SALES COMPARISON APPROACH**

The Sales Comparison Approach to Value is based on the premise that a knowledgeable purchaser would pay no more for a property than the cost of obtaining another equally desirable property of similar functional utility. To employ the Sales Comparison Approach, the market is researched for recent sales of improved properties similar to the subject. These comparable sales are then compared to the subject for physical, functional, and economic differences.

IMPROVED SALES

To value the subject property via the Sales Comparison Approach, the general Inland Northwest area was researched for sales of similar, newer, student housing or dormitories. I have researched the Eastern Washington and North Idaho area for sales of similar facilities. My research included perusing national sales data basis including Costar and LoopNet, calling various other appraisers in North Idaho and Eastern Washington, as well as Assessor's offices in several counties. I was not able to find any comparable sales of similar dormitories or student housing.

In order to form some opinion of the value of the subject improvements, I analyzed eight sales of newer apartment complexes in the Moscow, Idaho and Pullman, Washington area. These are larger college towns, home to the University of Idaho and Washington State University, respectively. The apartment market in both cities is generally driven by the demand for student housing. As a result, I have analyzed the sales on a price per bedroom as well as the more traditional price per unit, price per square foot and gross rent multiplier.

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**Improved Sale # 1****Sale Date:** 02-14-2008**Analysis \$:** \$1,350,000**# of Units:** 24

Unit Rates: \$65.41/sf (GBA)
 \$65.41/sf (NRA)
\$56,250/unit

ECONOMIC ANALYSIS:**PGI:** \$184,320**Vac. @ 5.0%** \$9,216**EGI:** \$175,104**Exp. @ 38.0%** \$66,585**NOI:** \$108,519**Cap Rate** 8.0%**GIM** 7.32

CompID: #6479 © AGNW Status: Sale

Identification: Lenter 12 plexes
Address: 1531 & 1579 Lenter Street, Moscow, Latah County, ID
Location: Just south of Laurder

Instrument:	WD#520075	Grantor:	Rick & Roseta Beebe
Property Rights:	Leased Fee	Grantee:	Anac 319 Rodeo, LLC
Sale Price:	\$1,350,000	Marketing Time:	Not on market
Financing:	Cash to Seller	Confirmation:	Roseta Beebe (208) 882-8391 TDG
Analysis Price:	\$1,350,000		
Sale Comments:			

Parcel #:	RPM-0520-0001-004 & -003	GBA / NRA:	20,640 sf / 20,640 sf
Zoning:	High Density Residential R4	Age:	1995
Site Size:	0.760 acres	Quality/Condition:	Average / Average
Units/Bldgs.:	24 units in (2) 3-story bldgs.	HVAC:	Electric Wall Heaters
Density:	31.6 Units per Acre	Construction:	Wood frame, vinyl siding, Gable, composition roof structure
Avg. Unit Size:	860.00 sf		

Legal: Block 1, Lots 3 & 4, Lathen Subdivision, City of Moscow, Latah County, ID.

Description: **Site:** This site is located in the southeast portion of the City of Moscow, south of Highway 8 and a block west of Highway 95, about two blocks south of the southern edge of the University of Idaho campus.
Building: This property is improved with two, 12 plex buildings that are relatively typical of college-oriented housing that caters to University of Idaho Students. One of the buildings is double-loaded with a covered central breezeway that provides access to four, 860-sf 2br/1ba units on each of the three levels. The other building has a walk-up design, but the same unit mix and type. Each unit has washers/dryers, and a small patio/deck. The buildings were in average condition for their age of about 13 years at the time of sale.

Remarks: This property was sold from a local investor to another local investor.

The economic analysis is based on the actual average rents of \$640 at the time of sale, which were believed to be at market. Expenses are estimated by the appraiser based on actual expenses of other similar complexes, including \$500 for maintenance and repairs (inc. \$200 for rsvs) and 6% for management.

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*Improved Sale # 2*

Sale Date: 01-01-2007

Analysis \$: \$2,152,500

of Units: 24

 Unit Rates: \$78.67/sf (GBA)
 \$78.67/sf (NRA)
\$89,688/unit
ECONOMIC ANALYSIS:

PGI: \$257,472

Vac. @ 5.0% \$12,874

EGI: \$244,598

Exp. @ 34.4% \$84,030

NOI: \$160,568

Cap Rate **7.5%**GIM **8.36**

CompID: #6478 © AGNW Status: Sale

Identification:	University Village II		
Address:	1137 & 1153 W. "A" Street, Moscow, Latah County, ID		
Location:	Just east of Baker Street		
Instrument:	WD#510940	Grantor:	CS Blum Properties-2, LLC
Property Rights:	Leased Fee	Grantee:	University Village II, LLC
Sale Price:	\$2,100,000	Marketing Time:	Not on market
Financing:	Cash to Seller	Confirmation:	Trevor Young, C-21 (208) 292-5110
Analysis Price:	\$2,152,500		University City Rentals TDG
Sale Comments:	Price is adjusted upward 2.5% to reflect the fact that a broker was not involved in the transaction.		
Parcel #:	RPM-004-0001-005B & -006B	GBA / NRA:	27,360 sf / 27,360 sf
Zoning:	High Density Residential R4	Age:	2001
Site Size:	1.083 acres	Quality/Condition:	Average / Average+
Units/Bldgs.:	24 units in (2) 3-story bldgs.	HVAC:	Electric Wall Heaters
Density:	22.2 Units per Acre	Construction:	Wood frame, vinyl siding, Gable, composition roof structure
Avg. Unit Size:	1140.00 sf		
Legal:	The West 115.3' of Lot 5, Block 1, Baker Addition to City of Moscow, Latah County, ID.		
Description:	<p>Site: This site is located in a quickly developing area north of Pullman Road about two blocks north of the University of Idaho campus. There is extensive commercial services available along Pullman Road adjacent to the south. This is a popular area for new college-oriented housing. Building: This property is improved with two 12 plex buildings that are relatively typical of college-oriented housing that caters to University of Idaho Students. The buildings are double-loaded with a covered central breezeway that provides access to two 3br/2ba units on one side and two 4br/2ba units on the other. The 3br units contain 1,070 sf each, and the 4br units have 1,210 sf. All units have laundry rooms with washers/dryers and a patio/deck with enclosed storage space. The buildings were in average+ condition for their age of about 5 years at the time of sale.</p>		
Remarks:	<p>This property was sold from the original builder to a local investor, who owns Palouse Properties, and manages the developer's apartment complexes. The buyer had bought phase I of this complex several years earlier, which was identical. The seller indicated that the sale price may have been slightly low due to the fact that a broker was not involved. To account for this, a 2.5% or roughly half of a commission has been factored in.</p> <p>The economic analysis is based on the actual average rents at the time of sale of \$780 for the 3br units and \$1,08 for the 4br units, which were believed to be at market. These are 12-month equivalent rents. The actual rents were \$850 and \$1,100 for the 10 school months and 1/2 price for June and July. Expenses are estimated by the appraiser based on actual expenses of other similar complexes, including \$550 for maintenance and repairs (inc. \$250 for rsvs) and 6% for management.</p>		

CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

**Improved Sale # 3****Sale Date:** 08-31-2006**Analysis \$:** \$1,726,700**# of Units:** 36

Unit Rates: \$53.29/sf (GBA)
 \$53.29/sf (NRA)
\$47,964/unit

ECONOMIC ANALYSIS:**PGI:** \$244,080**Vac. @ 6.0%** \$14,645**EGI:** \$229,435**Exp. @ 42.8%** \$98,287**NOI:** \$131,148**Cap Rate** **7.6%****GIM** **7.07**

CompID: #6477 © AGNW Status: Sale

Identification: Northwood 36-Unit
Address: 1424, 1486, & 1536 Northwood Street, Moscow, Latah County, ID
Location: Just south of Styner

Instrument:	WD#508058	Grantor:	Smith Family Revocable Trust
Property Rights:	Leased Fee	Grantee:	Douglas & Joanna Grant
Sale Price:	\$1,726,700	Marketing Time:	Not on market
Financing:	Cash to Seller	Confirmation:	Trevor Young, C-21 (208) 292-5110
Analysis Price:	\$1,726,700		University City Rentals TDG
Sale Comments:			

Parcel #:	RPM-0225-004-004A, -006A, & -008A	GBA / NRA:	32,400 sf / 32,400 sf
Zoning:	High Density Residential R4	Age:	1992-1994
Site Size:	1.247 acres	Quality/Condition:	Average / Average
Units/Bldgs.:	36 units in (3) 3-story bldgs.	HVAC:	Electric Wall Heaters
Density:	28.9 Units per Acre	Construction:	Wood frame, vinyl siding, Gable, composition roof structure
Avg. Unit Size:	900.00 sf		

Legal: Block 4, Lots 4-9, Deerfield Addition to City of Moscow, Latah County, ID.

Description: **Site:** This site is located in the southeast portion of the City of Moscow, south of Highway 8 and a few blocks east of Highway 95. The University of Idaho campus is about a half mile to the west. **Building:** This property is improved with three, 12 plex buildings that are relatively typical of college-oriented housing that caters to University of Idaho Students. The buildings are double-loaded with a covered central breezeway that provides access to four, 2br/1ba units on each of the three levels. The units contain 900 sf each, have laundry rooms with washers/dryers, and a patio/deck with enclosed storage space. The buildings were in average condition for their age of about 14 years at the time of sale.

Remarks: This property was sold from a local investor to a Colorado-based investor. The same buyer also previously purchased an 24-unit complex across Northwood to the east six months earlier.

The economic analysis is based on the actual average rents of \$565 at the time of sale, which were believed to be at market. Expenses are based on the actuals reported at the time of sale, with some adjustments made by the appraiser to reflect market-based averages over a holding period, including \$500 for maintenance and repairs (inc. \$200 for rsvs) and 6% for management.

CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

**Improved Sale # 4****Sale Date:** 08-10-2006**Analysis \$:** \$2,095,000**# of Units:** 23

Unit Rates: \$89.47/sf (GBA)
 \$89.47/sf (NRA)
\$91,087/unit

ECONOMIC ANALYSIS:**PGI:** \$241,044**Vac. @ 4.0%** \$9,642**EGI:** \$231,402**Exp. @ 35.5%** \$82,233**NOI:** \$149,169**Cap Rate** 7.1%**GIM** 8.69

CompID: #6476 © AGNW Status: Sale

Identification:	Taylor Street Apts		
Address:	621, 701, 703 Taylor Steet, Moscow, Latah County, ID		
Location:	Immediately south of U of I campus		
Instrument:	WD#507477	Grantor:	Southridge Properties, LLC
Property Rights:	Leased Fee	Grantee:	Marietta Davis Trust
Sale Price:	\$2,095,000	Marketing Time:	N/A
Financing:	Cash to Seller	Confirmation:	Trevor Young, C-21 (208) 292-5110
Analysis Price:	\$2,095,000		TDG
Sale Comments:			
Parcel #:	RPM-00000187945 & RPM-00000187940	GBA / NRA:	23,416 sf / 23,416 sf
Zoning:	High Density Residential R4	Age:	1977 (hse) & 1997 (apts)
Site Size:	0.865 acres	Quality/Condition:	Average / Average
Units/Bldgs.:	23 units in (3) 3-story bldgs.	HVAC:	Electric Wall Heaters
Density:	26.6 Units per Acre	Construction:	Wood frame, vinyl siding, Gable, composition roof structure
Avg. Unit Size:	1018.00 sf		
Legal:	Lengthy legal description retained in file. City of Moscow, Latah County, ID.		
Description:	<p>Site: This site is located immediately south of the University of Idaho campus in the southwest portion of the City of Moscow, south of Highway 8 and a few blocks west of Highway 95. It has very good access to campus.</p> <p>Building: This property is improved with a 9-plex, a 12-plex, both of which were built in 1997, and an 8br house that was built in 1977. The apartment buildings contain a total of 21 units, with (9) 4br/2ba units that average 1,100 sf, (9) 3br/2ba units that average 750 sf, and (3) 2br/1ba units that average 650 sf. Each unit has a washer & dryer. The units are relatively small for their br/ba count. Construction of those buildings is three-story, walk-up, motel style with vinyl siding and comp roofs. Those buildings were in average condition. The house contains three stories, with a total living area of 4,816 sf, with 8brs and 3bas. In this analysis, the house has been included as two 4br units, bringing the total number of units to 23.</p>		

Remarks: This property was sold from a local investor to another local investor.

The economic analysis is based on the actual average rents at the time of sale, which were \$2,016 for the house, \$1,027 for the 4br units, \$770 for the 3br units, and \$568 for the 2br units, which are believed to be at market. These are 12-month equivalent rents. The actual rents were \$2,200, \$1,120, \$840, and \$620 for the 10 school months and 1/2 price for June and July. Expenses are based on the actuals reported at the time of sale, with some adjustments made by the appraiser to reflect market-based averages over a holding period, including \$550 for maintenance and repairs (inc. \$250 for rsvs) and 6% for management.

CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

**Improved Sale # 5****Sale Date:** 03-08-2006**Analysis \$:** \$1,300,000**# of Units:** 24

Unit Rates: \$54.17/sf (GBA)
 \$54.17/sf (NRA)
\$54,167/unit

ECONOMIC ANALYSIS:**PGI:** \$182,880**Vac. @ 6.0%** \$10,973**EGI:** \$171,907**Exp. @ 40.9%** \$70,343**NOI:** \$101,564**Cap Rate** 7.8%**GIM** 7.11

CompID: #6475 © AGNW Status: Sale

Identification: Northwood 24-Unit
Address: 1435 & 1443 Northwood Street, Moscow, Latah County, ID
Location: Just south of Styner

Instrument:	WD#503441	Grantor:	Smith Family Revocable Trust
Property Rights:	Leased Fee	Grantee:	Douglas & Joanna Grant
Sale Price:	\$1,300,000	Marketing Time:	Not on market
Financing:	Cash to Seller	Confirmation:	Trevor Young, C-21 (208) 292-5110
Analysis Price:	\$1,300,000		University City Rentals TDG
Sale Comments:			

Parcel #:	RPM-0225-002-014E	GBA / NRA:	24,000 sf / 24,000 sf
Zoning:	High Density Residential R4	Age:	1994
Site Size:	0.954 acres	Quality/Condition:	Average / Average
Units/Bldgs.:	24 units in (2) 3-story bldgs.	HVAC:	Electric Wall Heaters
Density:	25.2 Units per Acre	Construction:	Wood frame, vinyl siding, Gable, composition roof structure
Avg. Unit Size:	1000.00 sf		

Legal: Block 2, Lot 14, Less S 141.5' & less tax parcel #5110, Deerfield Addition to City of Moscow, Latah County, ID.

Description: **Site:** This site is located in the southeast portion of the City of Moscow, south of Highway 8 and a few blocks east of Highway 95. The University of Idaho campus is about a half mile to the west. **Building:** This property is improved with two, 12 plex buildings that are relatively typical of college-oriented housing that caters to University of Idaho Students. The buildings are double-loaded with a covered central breezeway that provides access to four 2br/2ba units on each of the three levels. The units contain 1,000 sf each, have laundry rooms with washers/dryers, and a patio/deck with enclosed storage space. The buildings were in average condition for their age of 12 years at the time of sale.

Remarks: This property was sold from a local investor to a Colorado-based investor. The same buyer also subsequently purchased an 36-unit complex across Northwood to the west six months later.

The economic analysis is based on the actual average rents of \$635 at the time of sale, which were believed to be at market. Expenses are based on the actuals reported at the time of sale, with some adjustments made by the appraiser to reflect market-based averages over a holding period, including \$500 for maintenance and repairs (inc. \$200 for rsvs) and 6% for management.

CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

**Improved Sale # 6****Sale Date:** 01-15-2005**Analysis \$:** \$3,860,000**# of Units:** 60

Unit Rates: \$62.69/sf (GBA)
 \$62.69/sf (NRA)
\$64,333/unit

ECONOMIC ANALYSIS:**PGI:** \$513,000**Vac. @ 5.0%** \$25,650**EGI:** \$487,350**Exp. @ 39.4%** \$192,000**NOI:** \$295,350**Cap Rate** 7.7%**GIM** 7.52

CompID: #4275 © AGNW Status: Sale

Identification:	Clark Terrace Apartments		
Address:	100 NW Terre View Drive, Pullman, Whitman County, WA		
Location:	Terre View Drive, west of Hwy 27.		
Instrument:	N/A - Pending	Grantor:	Kevin Kirkman
Property Rights:	Leased Fee	Grantee:	Confidential
Sale Price:	\$4,000,000	Marketing Time:	Not Listed
Financing:	Cash to Seller	Confirmation:	Kirk Kirkman, seller (509) 334-7444
Analysis Price:	\$3,860,000		TDG
Sale Comments:	Sale price adjusted downward for value of 3.2 acres of excess land that could support another 40 units, which the seller estimated a contributory value of \$140,000 (\$3,500/unit).		
Parcel #:	1-1018-99-00-01-000, -02-000, -03-000, & -04-000	GBA / NRA:	61,570 sf / 61,570 sf
Zoning:	Multifamily Residence Zone R2	Age:	1992
Site Size:	2.300 acres	Quality/Condition:	Average + / Average
Units/Bldgs.:	60 units in (10) 2-story bldgs.	HVAC:	Electric Wall Heaters & TTW A/C Units
Density:	26.0 Units per Acre	Construction:	Wood frame, vinyl siding, Gable, composition roof structure
Avg. Unit Size:	1026.00 sf		
Legal:	Lots A, B, C, D, Kirkman Short Plat #1, City of Pullman, Whitman County, WA.		
Description:	<p>Site: This is a hillside site located about one mile northwest of the Washington State University campus in Pullman, WA. The gross site area was 5.5 acres, but 3.24 acres was excess land. The site has a moderate view amenity and is served by all utilities. Building: This is an average quality garden-style apartment complex that was built in the early 1990s. It consists of 60 units in 10 buildings, with (22) 2bd/1ba units that average 910 sf, and (38) 3bd/1ba units that average 1,080 sf. Each unit has dishwasher, garbage disposal, refrigerator, stove/oven, through-the-wall air-conditioning, and washer/dryer hook-ups. Project amenities include a play area and a carport parking space for each unit. The complex is in relatively good condition for its age. The seller spent about \$125,000 replacing all of the sidewalks and upgrading the landscaping in 2004.</p>		
Remarks:	<p>The economic analysis is based on market rents and expenses of \$3,200/unit, which is slightly lower than the reported amount of \$3,400/unit, which was abnormally high in 2004. Market rents for the 2bd units was estimated at \$650, while the 3bd units was \$725 by the seller. Actual rents were very close to this level. Additional income is made through about 30 washer/dryer sets that are rented out to the tenant separately for \$30/month, which are included in the sale.</p>		

The seller indicated he listed the property on Loopnet and received a full-price offer within 12 hours. That sale fell through and the seller now has a minority stake (~10%) in the buying entity, which is a local group of investors.

CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

**Improved Sale # 7****Sale Date:** 12-15-2004**Analysis \$:** \$1,105,000**# of Units:** 14

Unit Rates: \$73.92/sf (GBA)
 \$73.92/sf (NRA)
\$78,929/unit

ECONOMIC ANALYSIS:**PGI:** \$131,520**Vac. @ 5.0%** \$6,576**EGI:** \$124,944**Exp. @ 35.0%** \$43,730**NOI:** \$81,214**Cap Rate** 7.3%**GIM** 8.40

CompID: #4395 © AGNW Status: Sale

Identification:	Terre View Apartments		
Address:	215, 225, & 235 Terre View Dr., Pullman, Whitman County, WA		
Location:	2 blocks west of Highway 27		
Instrument:	N/A-Pending	Grantor:	E & K Properties
Property Rights:	Leased Fee	Grantee:	Confidential
Sale Price:	\$1,105,000	Marketing Time:	Couple months
Financing:	Cash to Seller	Confirmation:	Kevin Kirkman, seller TDG
Analysis Price:	\$1,105,000		
Sale Comments:			
Parcel #:	115530002010000, 20000, & 30000	GBA / NRA:	14,948 sf / 14,948 sf
Zoning:	Multifamily Residence Zone R2	Age:	1996
Site Size:	1.023 acres	Quality/Condition:	Average / Average +
Units/Bldgs.:	14 units in (3) 2&3-story bldgs.	HVAC:	Electric Wall Heaters & TTW A/C Units
Density:	13.7 Units per Acre	Construction:	Wood frame, vinyl siding, Gable, composition roof structure
Avg. Unit Size:	1068.00 sf		
Legal:	Lots 1, 2, & 3, Block 2, Village Green #4, City of Pullman, Whitman County, WA.		
Description:	<p>Site: This site is located about two blocks west of Highway 27 along Terre View Drive. The site is moderately sloping and has been excavated for the development. The topography allows for a view amenity, which is common in the immediate neighborhood. The site located within a somewhat newer residential area that has an extensive amount of multi-family development. Building: This site is improved with two, four plexes and a six plex that contain a total of 14 garden flat style units. The buildings are of average quality, with vinyl siding and an average quality composition roof cover. The two four plexes are two-stories, while the six plex is three stories. The floor plat of all the buildings is 2,216 sf. There are (2) 2bd/1.75ba units that contain 988 sf, and (12) 3bd/1.75 ba units that have 1,081 sf. The buildings are in average to above average condition for their age. The site is fully paved and landscaped and parking is open.</p>		
Remarks:	<p>This property is located in Pullman, WA, which is the home to Washington State University. The property is almost entirely occupied by college students. The property is being sold by a local developer that has developed dozens of projects in the local market.</p> <p>The economic analysis is based on market rents of \$795 for the 3bd units and \$710 for the 2bd units. The actual rents at the time of sale resulted in a scheduled gross income that was 4% less than potential gross income based on market rents. The expense estimate is based on actual expenses, including 6% management.</p>		

CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

*Improved Sale # 8*

Sale Date: 04-29-2004

Analysis \$: \$2,985,000

of Units: 40

 Unit Rates: \$75.55/sf (GBA)
 \$75.55/sf (NRA)
\$74,625/unit
ECONOMIC ANALYSIS:

PGI: \$325,200

Vac. @ 3.0% \$9,756

EGI: \$315,444

Exp. @ 31.3% \$98,593

NOI: \$216,851

Cap Rate 7.3%

GIM 9.18

CompID: #3401 © AGNW Status: Sale

Identification:	Vandal Point Apartments		
Address:	705 N. Jefferson Street, Moscow, Latah County, ID		
Location:	Northwest corner Jefferson Street & McKinley Street		
Instrument:	WD#486697	Grantor:	Vandal Pointe, LLC
Property Rights:	Leased Fee	Grantee:	Arne & Linda Michelson
Sale Price:	\$2,985,000	Marketing Time:	Not Listed
Financing:	Cash to Seller	Confirmation:	Leo Notar, broker (208) 664-1461
Analysis Price:	\$2,985,000		TDG
Sale Comments:			
Parcel #:	RPM0765001003B A	GBA / NRA:	39,509 sf / 39,509 sf
Zoning:	Multi-Family	Age:	2003
Site Size:	1.480 acres	Quality/Condition:	Average + / New
Units/Bldgs.:	40 units in (1) 2-3-story bldgs.	HVAC:	Electric Wall Heaters
Density:	27.0 Units per Acre	Construction:	Wood frame, vinyl siding, Gable, composition roof structure
Avg. Unit Size:	988.00 sf		

Legal: South 190' of Lot 3, Block 1, Parkview Estates Addition to Moscow, Latah County, ID.

Description: **Site:** This site is located at the northern edge of Moscow, at the south edge of an area that has seen significant new development over the last several years, including single family residential, duplexes, this apartment complex, and limited new commercial development. The site is mildly sloping and the relatively high-density development has minimal landscaping. **Building:** This is an average to slightly above average quality apartment complex that was completed in mid 2003. It features wood frame construction with vinyl siding and a gable roof with average quality composition shingle cover. The complex essentially consists of five buildings that are connected, but separated by exterior, covered breezeways. About 50% of the buildings are three story, while the rest are two story. The unit mix is 32, two-bedroom, two-bathroom and 8, three-bedroom, two-bathroom. The overall average unit size is 988 sf, which equates to a little over 950 sf for the two bedroom units and 1,100-sf for the three bedroom units. Each unit has a full-size washer and dryer and patio/balcony. The complex was in new condition at the time of sale.

Remarks: This property is located in a city of about 22,000 in the Central Panhandle of Idaho. The primary demand driver is the University of Idaho. This complex was not on the market and sold from the developer to a Coeur d'Alene, ID based investor. The complex was finished in July 2003 and was full within a month or so. The Moscow market is reported to be very strong and the complex had a waiting list at the time the sale was negotiated, which was February 2004. Because of tax implications, the closing was delayed until July 2004.

The economic analysis was based on actual rents, which were deemed to be at market, and actual and pro-forma expenses, including 5% for management, and 5% for maintenance and repairs including reserves. Because of the strong market, a vacancy factor of 3% was employed, resulting in a cap rate of 7.26%.

CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

SALES COMPARISON APPROACH SUMMARY

SALE	1	2	3	4	5	6	7	8
DATE	2/14/2008	1/1/2007	8/31/2006	8/10/2006	3/8/2006	1/15/2005	12/15/2004	4/29/2004
ADDRESS	1531 & 79 Lenter Moscow, Id	1137 & 53 A Moscow, Id	1424-1536 Northwood Moscow, Id	621-703 Taylor Moscow, Id	1435-43 Northwood Moscow, ID	100 NW Terre View Pullman, WA	215-235 NW Terre View Pullman, WA	705 N. Jefferson Moscow, Id
SALE PRICE	\$1,350,000	\$2,152,500	\$1,726,700	\$2,095,000	\$1,300,000	\$3,860,000	\$1,105,000	\$2,985,000
YEAR BLT	1995	2001	92-94	1997	1994	1992	1996	2003
# UNITS	24	24	36	23	24	60	14	40
# BEDROOMS	48	84	72	77	48	158	40	88
SIZE	20,640sf	27,360	32,400	23,416	24,000	61,570	14,948	39,509
P/UNIT	\$56,250	\$89,688	\$47,964	\$91,087	\$54,167	\$64,333	\$78,929	\$74,625
P/BEDROOM	\$28,125	\$25,625	\$23,982	\$27,208	\$27,083	\$24,430	\$27,625	\$33,920
P/SF	\$65.41	\$78.67	\$53.29	\$89.47	\$54.17	\$62.69	\$73.92	\$75.55
EGRM	7.71	8.8	7.53	9.05	7.56	7.92	8.84	9.46
ADJUSTMENTS								
MKT CNDTNS	1%	6%	8%	8%	11%	17%	18%	21%
AGE/COND	16.50%	6.00%	16.50%	12.00%	15.00%	16.50%	9.00%	0.00%
LOCATION	-25%	-25%	-25%	-25%	-25%	-25%	-25%	-25%
VALUE INDICATIONS								
P/BEDROOM	\$26,181	\$22,826	\$23,871	\$26,004	\$27,329	\$26,344	\$28,101	\$32,835
P/SF	\$60.89	\$70.08	\$53.04	\$85.51	\$54.66	\$67.60	\$75.19	\$73.13
P/UNIT	\$52,362	\$79,890	\$47,743	\$87,057	\$54,659	\$69,372	\$80,290	\$72,237
EGIM	7.71	8.8	7.53	9.05	7.56	7.92	8.84	9.46

SALES ANALYSIS

All sales were of the fee simple interest and do not require adjustments for property rights or financing terms. The sales are adjusted for seller contracts, below market financing, cash equivalency and conditions of sale. The resulting analysis price is the basis for additional adjustments for differences in physical features. Each sale has differing building sizes, number of units, bedrooms and bathrooms. The sales span a time period of about four years. During this time, the market for residential income properties has been relatively strong in Nez Perce County, North Idaho and Eastern Washington. A market conditions adjustment of 5% per year was made for the sales.

The most significant adjustment is for the location of the subject facility in Lewiston where the occupancy rate is reduced because of the oversupply of student housing caused by the construction of two competing projects at the same time with nearly twice as many units as were needed, although the College did close a 95 room older dormitory to offset some of the oversupply. During the first full year of occupancy, the subject facility averaged 45.7% for the 12 months to the end of August 2007. Average occupancy for the nine-month school year was 61%. For the next nine months, the average occupancy was 61.7% through May 2008. Occupancy during the school year should gradually increase over the next couple of years to $\pm 75\%$. The College has always had a problem with spring quarter enrollment and occupancy with a differential of $\pm 20\%$ to 25% between the fall semester and the spring semester for most years from 2001 through 2008. (See chart and graph on Page 46) The differential has been narrowing over the last two years, declining from 38% to 48% in 2003 and 2004.

In my opinion, occupancy levels should stabilize at 85% average for the nine month school year within a few years and 25% during the summer months. This would result in an average annual occupancy rate of 70% compared to a $\pm 95\%$ average occupancy rate for the comparable sales. I have used an adjustment of 25% for location, which is the difference in the average occupancy rate.

CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

Sale 1 is a February 2008 sale of a 13-year-old, three-story, average quality, 24 unit apartment complex near the south end of Moscow within walking distance of the University of Idaho. All of the units are ± 860 sf, two bedroom, one bath with washers, dryers and small decks or patios. Average rent was \$640/mo or \$320/bedroom. This sale is adjusted 1% for market conditions, 16.5% for age and condition and (25%) for location to arrive at value indications of \$26,181/bedroom, \$60.89/sf and \$52,362/unit with an effective gross rent multiplier (EGRM) of 7.71.

Sale 2 is a January 2007 purchase of a six year old, 24 unit complex in two, three-story buildings with 12, three bedroom, two bath units and 12, four-bedroom, two bath units each with washers, dryers and small decks or patios. During the school year for ten months, the rent is \$850 for the 3-bedroom units or \$283.33/room and \$1,100/mo for the 4-bedroom or \$275/room with half price for June and July. After adjustments of 6% for market conditions, 6% for age and condition and (25%) for location, this sale indicates \$22,826/bedroom, \$70.08/sf, and \$79,890/unit with an EGRM of 8.80.

Sale 3 is an August 2006 sale of a ± 13 -year-old, 36 unit, three-story complex located about $\frac{1}{2}$ mile from the University of Idaho. All of the units are 900sf, 2-bedroom, one bath with washers, dryers and small patios or decks. The average rent was \$565 or \$282.50/bedroom. After adjustments of 8% for market conditions, 16.5% for age and condition and (25%) for location, this sale indicates \$23,871/bedroom, \$53.04/sf, and \$47,743/unit with an EGRM of 7.53.

Sale 4 is an August 2006 sale of a 9-year old, 21 unit apartment complex with a remodeled, 29-year old, 8 bedroom house with an effective age of 10 years. There are 9, 4-bedroom, two bath units and 12, 3-bedroom, two bath units each with washers, dryers and small decks or patios. After adjustments of 8% for market conditions, 12% for age and condition and (25%) for location, this sale indicates \$26,004/bedroom, \$85.51/sf, and \$87,057/unit with an EGRM of 9.05.

Sale 5 is a March 2006 sale of a 24 unit, 3-story complex located about $\frac{1}{2}$ mile from the University of Idaho. All units are 1,000sf, 2-bedroom, 2-bath, with washers, dryers and decks or patios. After adjustments of 11% for market conditions, 15% for age and condition and (25%) for location, this sale indicates \$27,329/bedroom, \$54.66/sf, and \$54,659/unit with an EGRM of 7.56.

Sale 6 is a January 2005 purchase of a 13-year-old, 60 unit complex of 10 buildings located about one mile from Washington State University in Pullman. There are 22, 2-bedroom, one bath units and 38, 3-bedroom, one bath units with washers, dryers, decks or patios and carports. After adjustments of 17% for market conditions, 16.5% for age and condition and (25%) for location, this sale indicates \$26,344/bedroom, \$67.60/sf, and \$69,372/unit with an EGRM of 7.92.

Sale 7 is a December 2004 purchase of an 8-year-old, 14 unit complex located about one mile from Washington State University in Pullman. There are 32, 2-bedroom, two bath units and 8, 3-bedroom, two bath units. After adjustments of 21% for market conditions and (25%) for location, this sale indicates \$32,835/bedroom, \$73.13/sf, and \$72,237/unit with an EGRM of 8.84.

Sale 8 is an April 2004 purchase of a 1-year-old, 40 unit complex located about one mile from the University of Idaho near the north end of Moscow. There are 2, 2-bedroom, two bath units and 12, 3-bedroom, two bath units. After adjustments of 18% for market conditions, 9% for age and condition and (25%) for location, this sale indicates \$28,101/bedroom, \$75.19/sf, and \$80,290/unit with an EGRM of 9.46.

CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

SALES COMPARISON APPROACH CONCLUSION

The sales produced adjusted rates of \$53.04/sf to \$85.51/sf. The subject has more bedrooms per unit and is larger than most of the comparables. In my opinion, a value rate toward the high end of the range would be appropriate. At \$80/sf the 34,314sf of gross area has an indicated value of \$2,745,120. The sales produced a range of \$47,743/unit to \$87,057/unit. At \$85,000/unit, the 32 units have an indicated value of \$2,720,000. The indicated range per bedroom was \$22,826 to \$32,835, with six sales indicating a narrower range of \$23,871 to \$28,101. The subject has fewer bathrooms and less kitchen amenities than the comparables and a rate towards the middle of the range would be reasonable. At \$25,000/bedroom, the indicated value for the 117 bedrooms is \$2,925,000. At an effective gross rent multiplier of 8.25, the stabilized effective gross income of \$402,358 has an indicated value of \$3,319,454.

In my opinion, the indicated value of the subject complex is **\$2,925,000** by the Sales Comparison Approach.

INCOME APPROACH

The Income Approach to Value is based on the premise that a knowledgeable purchaser would pay no more for the property than the cost of obtaining an equally desirable, similar property as an investment, providing similar risk and opportunities for return on and return of the investment.

This approach analyzes the value of the property through the eyes of a typical investor. The gross income the property can generate is estimated by comparison with competitive properties. Deductions are made for expenses paid by the owner, resulting in an indication of net income. Net income is then capitalized into a value estimate at a rate that is commensurate with the risks inherent with the ownership of the property. This approach is most appropriate where there is an active rental and investor-driven market for the type of property being appraised.

Lewis-Clark State College (LCSC) has a management agreement with College Town Development Idaho, LLC through the State of Idaho, acting by and through the State of Idaho Board of Education as Board Trustees for LCSC. The initial term is 120 months (10 years) beginning August 23, 2006. The agreement contains a voluntary termination clause by providing the other party with written notice on or before March 1st of any year with termination on August 14th of the then applicable calendar year.

LCSC will manage the day-to-day operation of Clearwater Hall including collecting all rents, paying all bills and maintaining all areas except the first floor retail spaces. The owner will pay real property and personal property taxes, real estate and liability insurance, and all utilities and will reimburse LCSC for all maintenance costs, except lawn mowing, trimming of shrubbery and other routine lawn maintenance. LCSC uses their general facilities maintenance crew to maintain the subject property.

The initial minimum monthly rent for the first lease year was \$390/residence unit (bedroom), inclusive of the cost of local telephone and basic cable TV in the common room of each pod and broadband internet service in each residence unit. The rent has been renegotiated for 2007-08 to \$365/residence unit except for \$335 for two small bedrooms and \$395 for four large bedrooms. LCSC owes rent on a unit if occupied on the first day of the month, regardless of whether a student is

CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

leaving. The agreement provides for annual escalations of the minimum rent of not less than 3% per year, however, because of the vacancy rate in the project, this provision has not been utilized.

LCSC is to receive a management fee of 2% of rent installments paid if the amount is between 85% and 90% of potential gross rent, 3% if between 90% and 95% and 4% if 95% or higher. At the current occupancy levels, no management fee is due.

There have been few management agreements similar to the subject. College Place has an agreement modeled after the subject agreement, according to LCSC staff. Their rental payment was \$375/unit for fiscal 2008. The units are slightly larger and located across from the college with some on-site parking.

Brewster Hall at Eastern Washington University in Cheney, Washington was constructed in 2002 and master leased to the University. It is 4-stories with a main floor of retail and located on a secondary street in downtown Cheney, at 410 2nd Street, one block north of the main street. It has 135 rooms of similar construction to the subject. Eastern is a much larger campus with enrollment over 7,500. The 2009 school year rate for Brewster Hall is \$527.89/month.

Vacancy

For the first nine months of occupancy, the average occupancy was 61.0% with no summer occupancy leaving a 12 month occupancy rate of 45.7% with the fall semester at 78.0% and the spring at 47.4%. For the past nine month school year, the occupancy level increased slightly to 61.7% with overall 12 month occupancy at 46.3% if no activity during the summer months. If summer occupancy averages 15 rooms per night, overall occupancy will increase to 49.5%. Occupancy during the school year should gradually increase over the next couple of years to $\pm 75\%$. Fall semester occupancy was 73.3% and the spring 2008 semester was 52.5%, after allocating 60 rooms for May.

CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

Number of Suites:	32
Number of Beds:	117
Occupancy:	Sept 2006 - 95
	Oct 2006 - 92
	Nov 2006 - 91
	Dec 2006 - 87
	Jan 2007 - 58
	Feb 2007 - 55
	Mar 2007 - 54
	Apr 2007 - 53
	May 2007 - 57
	Sept 2007 - 78
	Oct 2007 - 90
	Nov 2007 - 88
	Dec 2007 - 87
	Jan 2008 - 63
	Feb 2008 - 63
	Mar 2008 - 61
	Apr 2008 - 60

Room Occupancy per LCSC

	2001fa	2002sp	2002fa	2003sp	2003fa	2004sp	2004fa	2005sp	2005fa	2006sp	2006fa	2007sp	2007fa	2008sp
Clark	71	25	76	79	80	54	75	40	74	48	75	61	71	55
CAMP					9	7	8	5	5	4				
Parrish	26	7	27	10	28	17	27	15	28	24	18	16	19	21
Red Lion					23	19	32	29	47	39				
Talkington	87	22	90	34	91	53	95	48	88	62			17	
College Place											76	59	67	60
Clearwater											90	60	95	64
Totals	184	54	193	123	231	150	235	137	240	177	259	196	269	200
Percentage	94%	28%	98%	60%	113%	73%	115%	67%	117%	85%	85%	64%	88%	66%

2001fa	2002sp	2002fa	2003sp	2003fa	2004sp	2004fa	2005sp	2005fa	2006sp	2006fa	2007sp	2007fa	2008sp
185	54	194	124	232	151	236	138	241	178	260	197	270	201

Lewis-Clark Residence Halls with average semester occupancy.

CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

LCSC Fall Semester Enrollment History on Census Day

	2000	2001	2002	2003	2004	2005	2006	2007
Total Fall 10th Day Headcount	2702	2953	3108	3471	3325	3451	3394	3612

LCSC Fall Semester FTE* History on Census Day

	2000	2001	2002	2003	2004	2005	2006	2007
Total Fall 10th Day FTE	2143	2275	2385	2576	2635	2614	2597	2650

*FTE = Full-Time Equivalent (total number of credit hours divided by 15)

Fall Semester Enrollment

The residence halls have had fluctuating occupancy over the past six years with gradually increasing levels peaking when the College had to lease rooms from the Red Lion until the subject property and College Place were built in 2006. In 2006, the College closed the ± 95 room Talkington Hall and is considering closing or selling Parrish Hall eliminating another 29 rooms. This would increase occupancy in College Place and Clearwater Halls.

Enrollment has gradually been increasing over the past six years. The total enrollment includes the Coeur d'Alene, Idaho center with 367 in 2005, 358 in 2006 and 341 in 2007. Lewiston enrollment was 3,084 in 2005, 3,036 in 2006 and 3,271 in 2007. Overall FTE enrollment has increased $\pm 1\%$ annually over the last four years.

In my opinion, a long-term vacancy and collection loss allowance of 30.0% would be reasonable for the subject property. This is equivalent to an occupancy rate of 95% for the fall semester, 75% for the spring semester and 25% for the summer months. Occupancy for the spring semester has always been a problem with a differential of up to 38% to 40% in 2002 and 2003 declining to 21% and 22% in 2006 and 2007. It is possible that spring enrollment will continue to increase, however, I have already projected a healthy increase in summer usage that will be hard to achieve in the next few years. In the following summary, I have projected stabilized occupancy of 70% in about two years.

Expenses/NOI

I have been furnished with the income and expenses for the subject property for the last 2-plus years and have included them in the Addenda. I have included professional management expenses at 5.0%, which is not currently being charged. Professional management fees for apartment projects are generally from 5% to 7%. A more competitive rate may be around 6%, however, with the changes taking place and the higher than normal vacancy rate, a rate of 5.0% appears reasonable.

CLEARWATER APARTMENTSCOMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

Current real estate taxes are \$78,972 based on a total assessed value of \$4,254,571 including the main floor retail space. In my opinion, the assessed value for the subject portion of the project could be reduced because of the decreased occupancy projections. I have estimated real estate taxes at \$54,000 based on an assessed value of \$2,900,000. Personal property taxes are currently \$5,262 based on a value of \$283,434 and have been included at \$5,300. Property and liability insurance has been estimated at 15¢/sf or \$5,150.

Water/sewer/garbage and electricity was ±\$30,500 for the past twelve months and have been increased in the second and third years to account for the increased occupancy. Elevator maintenance was estimated at \$1,900, telephone and internet service at \$29,000 and cable TV at \$11,170 but have only been increased at 2.5% because they are more fixed and do not fluctuate with occupancy.

Repairs and maintenance were less than ±\$3,000 for the past twelve months because the project is nearly new. I have used an allowance of 12¢/sf or \$4,120 for normal repairs and maintenance. Although there will be periodic replacement of some shorter life building components such as carpet and HVAC units, a replacement allowance has not been included. Buyers of residential rental property know that these costs will occur and the allowance is reflected in the overall capitalization rate used, since the comparable sales do not include any allowance.

Typical salaries and wages would be for an on-site manager during half of the working day and a half-time maintenance/repair employee. I have allocated an expense of \$24,000 for two part-time employees including some benefits allowance. I have included miscellaneous expenses of \$2,400/year for audits, professional fees, etc.

Direct Capitalization

Direct capitalization converts the estimate of net annual income into an indication of value. Capitalization rates are derived from comparable sales of similar grade investment properties that appeal to the same level of investor as the subject property. The eight sales included had overall capitalization rates of 8.0%, 7.5%, 7.6%, 7.1%, 7.8%, 7.7%, 7.3%, and 7.3%, respectively. The most recent sale indicated the highest rate. Overall rates had been declining for the past few years but have begun to increase due to the changing economy and shortage of available money. The recent national housing crisis has caused many traditional lenders to reconsider the types of properties they are willing to lend on. Also, investors have turned to investments other than real estate, causing a further erosion of available money. In my opinion, these sales support an overall rate of 7% to 8% as reasonable in the Lewiston area. Rates for residential income property in the Kootenai County and Spokane County area have been closer to 7% with some below. For this analysis, I have used an overall capitalization rate of 7.50%.

Below is a summary of the Income Approach.

CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

CLEARWATER HALL
INCOME APPROACH SUMMARY

		FIRST YEAR/MO	ANNUAL	SECOND YEAR/MO	ANNUAL	THIRD YEAR/MO	ANNUAL
GROSS INCOME							
STANDARD ROOMS	110	\$375	\$495,000	\$385	\$508,200	\$400	\$528,000
SMALL ROOMS	5	\$345	\$20,700	\$355	\$21,300	\$370	\$22,200
LARGE CORNER	2	\$405	\$9,720	\$415	\$9,960	\$430	\$10,320
TOTAL GROSS INCOME-UNITS	117		\$525,420		\$539,460		\$560,520
VACANCY & COLLECTION LOSSES		38.0%	\$199,660	33.33%	\$179,802	30.0%	\$ 168,156
EFFECTIVE GROSS INCOME-UNITS			\$325,760		\$359,658		\$ 392,364
MISCELLANEOUS INCOME							
DEPOSITS RETAINED		\$5,000		\$5,750		\$6,325	
LAUNDRY		\$2,250		\$2,588		\$2,846	
VENDING COMMISSIONS		\$650		\$748		\$822	
SUBTOTAL			\$7,900		\$9,085		\$9,994
TOTAL GROSS INCOME			\$333,660		\$368,743		\$402,358
EXPENSES							
MANAGEMENT	5%	\$ 16,683		5%	\$ 18,437	5%	\$ 20,118
REAL ESTATE TAXES		\$ 54,000			\$ 55,350		\$ 56,734
PERSONAL PROPERTY TAXES		\$ 5,300			\$ 5,433		\$ 5,568
PROPERTY & LIABILITY INSURANCE		\$ 5,150			\$ 5,279		\$ 5,411
SALARIES & WAGES		\$ 24,000			\$ 24,600		\$ 25,215
REPAIRS & MAINTENANCE		\$ 4,120			\$ 4,223		\$ 4,329
ELECTRICITY & GAS		\$ 21,000			\$ 23,100		\$ 25,410
WATER & SEWER		\$ 9,500			\$ 10,450		\$ 11,495
CABLE TV		\$ 11,170			\$ 11,449		\$ 11,735
TELEPHONE & INTERNET		\$ 29,000			\$ 29,725		\$ 30,468
ELEVATOR MAINTENANCE		\$ 1,900			\$ 1,948		\$ 1,996
MISCELLANEOUS		\$ 2,400			\$ 2,460		\$ 2,522
TOTAL EXPENSES			\$184,223		\$192,453		\$201,001
NET OPERATING INCOME			\$141,537		\$167,205		\$191,363
OVERALL CAPITALIZATION RATE			7.50%		7.50%		7.50%
INDICATED VALUE			\$ 1,887,165		\$ 2,229,398		\$2,551,513

The indicated value at stabilized occupancy in the third year is \$2,551,513, rounded to \$2,550,000. From this value, I have deducted the lost income less the 5% management of \$47,335 for the first year and \$22,950 for the second year or a total of \$70,000, rounded to arrive at a current value of \$2,480,000.

CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

RECONCILIATION & VALUE CONCLUSION

Method	Value Indication
Cost Approach	\$3,745,000
Sales Comparison Approach	\$2,925,000
Income Approach	\$2,480,000

In the process of analyzing income-producing properties, the Income Approach to Value is normally given more weight than when analyzing owner-occupied properties. Consideration should be given to this approach because this is a special purpose, student housing facility that does not have any good comparable sales from which to derive a value indication. The sales used in the Sales Comparison Approach were all of apartments in the university cities of Moscow, Idaho and Pullman, Washington. The Effective Gross Profit Multiplier indication of \$3,320,000 is higher than the Sales Comparison Approach but lower than the Cost Approach. The income and expenses derived were based on current expenses for the most part and appear to be reasonable. The overall capitalization rate of 7.5% was bracketed by the sales used. In my opinion, this approach should be given equal weight with the other two approaches.

The Sales Comparison Approach indication of \$2,925,000 was derived by comparing recent sales of apartment complexes in the Moscow, Idaho and Pullman, Washington area. This approach should be given supporting consideration in the final value estimate because the sales were not of college housing similar to the subject, although the analysis on a per bedroom basis was reasonably reflective of the subject facility. The price per unit indication of \$85,000/unit or \$2,720,000 and per square foot indication of \$80/sf or \$2,745,000 were on the high side of the adjusted range of the comparables but reasonably well supported.

The Cost Approach indication of \$3,745,000 is an estimate of the cost new including soft costs and developer's profit with an estimate of overall depreciation due primarily to the lower than typical occupancy levels compared to apartments. This approach should set the lower limit of value if the project is successful. The undepreciated cost should set the upper limit of value.

In final analysis, I believe that all three approaches have some validity, however, the most weight should be given to the Income Approach indication. Therefore, it is my opinion that the estimated market value of the fee simple interest in the subject resident student housing facility "As Is" is:

TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS . . . \$2,800,000
Including Fixtures and Equipment

FIXTURES AND EQUIPMENT ALLOCATION

The value is allocated between real estate, furniture, fixtures, and equipment to comply with USPAP requirements. The real estate is identified as the building improvements, asphalt paving, concrete, landscaping, land, etc. The furniture, fixtures and equipment (F,F&E) are the common area furniture, beds, desks, wardrobe closets, refrigerators, microwaves, tables, chairs, etc. to furnish the complex for student housing. The total new value of the FF&E is ±\$285,000. I have allocated the same depreciation of 30% to arrive at a current value of \$200,000. The allocation between real estate and fixtures is shown below.

CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

	<u>"As Is"</u>
Land, Building & Site Improvements	\$2,600,000
Furniture, Fixtures and Equipment	<u>\$200,000</u>
Total Indicated Value	\$2,800,000

A D E N D A

COLLEGE TOWN STUDENT HOUSING

**MANAGEMENT AGREEMENT
FOR PROPERTY AT 402-418 MAIN STREET
LEWISTON, IDAHO**

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SECTION 23. COUNTERPART SIGNATURE PROVISION36**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 E 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 ($1/30^{\text{th}}$) 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 prepaid 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.

QUALIFICATIONS OF MICHAEL J. SPRUTE, MAI

PROFESSIONAL MEMBERSHIPS & ASSOCIATIONS:

- Member, Appraisal Institute (MAI #6759)
- Certified General Appraiser, Washington State No. 1100908
- Certified General Appraiser, Idaho No. ICA-63
- 1993 President, Inland Northwest Chapter
- Past President, SREA, Spokane Chapter #59, 1987-1989
- Past President, SREA Permian Basin Chapter #142, 1984-1986
- Midland, Texas, Board of Realtors – Institute Affiliate Member
- Past Texas Licensed Real Estate Broker

BUSINESS EXPERIENCE:

- Principle, Appraisal Group Northwest, formed May 2000
- Owner, Sprute Appraisals, Spokane, Washington, April 1994 to May 2000
- Appraiser, Auble & Associates, Inc., Spokane, WA, June 1987 to March 1994
- Owner, Sprute & Associates, Midland, Texas, June, 1985 to June, 1987
- Manager, Midland Office of Cantrell Appraisal Company, May 1982 to May 1985
- Staff Appraiser, James S. Black & Company, Spokane, WA, 1977 to May, 1982
- Appraiser and Loan Officer, Equitable Savings & Loan, Spokane, WA, 1976 to 1977
- Residential Appraiser, Fidelity Mutual Savings Bank, Spokane, 1973 to 1976

EDUCATION:

- Graduate of University of Idaho – 1973, Bachelor of Science Degree in Finance
- American Institute of Real Estate Appraisers – Awarded MAI Designation in 1983
- Society of Real Estate Appraiser (SREA) – Awarded SRPA in 1982, resigned 1990
- Various appraisal seminars sponsored by the Appraisal Institute & others

PROPERTY TYPES ANALYZED:

- | | |
|--|--------------------------------------|
| • Apartment Condominium Conversion | • Apartment Complexes |
| • Condos - Office, Retail, Residential | • Bank Buildings |
| • Farms and Ranches | • Golf Courses |
| • Hardware/Retail Stores | • Health Clubs |
| • Industrial Buildings | • Hotels/Motels |
| • Office Buildings | • Lumber Companies |
| • Medical Office Buildings | • Restaurants & Shopping Centers |
| • Commercial & Retail Buildings | • Warehouses |
| • Racquetball Clubs | • Various Special Purpose Properties |
| • Subdivision – Commercial | • Subdivision – Residential |

PARTIAL LIST OF CLIENTELE:

- | | |
|---------------------------------|------------------------|
| • U.S. Bancorp Mortgage Company | • City of Spokane |
| • Walt Worthy Enterprises | • F & M Bank |
| • Washington Trust Bank | • Paine Hamblen |
| • Inland Northwest Bank | • County of Spokane |
| • Wells Fargo Bank | • Washington State DOT |
| • Eastern Washington University | • AmericanWest Bank |





ATTACHMENT 2

July 23, 2008

Fred M. DiCosola
College Town Development Idaho, LLC
2222 Harvard Avenue East
Seattle WA 98102

Re: Offer for Clearwater Hall Residential Space

Dear Fred:

Following up on our recent discussions, this letter confirms that we are prepared to offer you \$2.8M for the residential space in Clearwater Hall. This offer complies with the guidance we received from our board of trustees (State Board of Education), stipulating that we could make an offer equal to the lower of \$3.8M or the appraised value of the facility. The \$2.8M figure corresponds to the "as is" value conclusion in the recently-completed appraisal by Michael Sprute (Appraisal Group Northwest).

We continue to be very interested in acquiring the residential space in the building as expeditiously as possible, and I look forward to your response.

Please call if I can assist with additional information.

Sincerely,

Chet Herbst
Vice President for Finance and Administration

Cc: Dene K. Thomas (President)

500 8th Avenue
Lewiston, ID 83501-2698
www.lcsc.edu

PH: (208) 792-2240
FAX: (208) 792-2077

An Affirmative Action / Equal Opportunity Employer

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

LEWIS-CLARK STATE COLLEGE

SUBJECT

Purchase three strategically-situated properties along the western edge of campus to alleviate parking shortages

REFERENCE

June 2008 Board authorized LCSC to negotiate with owners to secure three properties on 4th Street, Lewiston ID

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections V.I.1 through V.I.2

BACKGROUND / DISCUSSION

Lewis-Clark State College has engaged in discussions with three property owners along the College's western border on 4th Street, in Lewiston's Normal Hill area. Acquisition of these three properties—the only remaining properties not owned by LCSC on 4th Street, between 11th Ave and 7th Ave—is needed in order to complete the final phase of LCSC's 4th Ave parking project to redress acute parking shortages for the College. Two of the properties are homes, and the College recently received appraisals on the properties. The third property is currently being leased from the owners and is already used as a parking lot—this property was appraised by the College in October 2007 during the search for locations for the College's new Nursing/Health Sciences building and associated parking. After receiving LCSC's initial offer for this property, the owners paid for another appraisal which estimated a significantly higher value for the lots. Based on indications that the owners of the third property were seeking exorbitant compensation, LCSC received permission from the Board (June 2008) to condemn the property under eminent domain, if the President deemed this to be necessary.

Attachment 1 provides an overhead view of the properties in question. The properties highlighted in red are already owned by the College. Those shaded in blue (indicated by the three red arrows on the map) are privately owned. The properties labeled #3 (1014 4th St) and #6 (1024 4th St) are modest single dwellings. The northernmost property labeled #38A is currently used as a parking lot and has been leased to the College on a yearly basis by the owners.

The area (already owned by the College) immediately north of the leased parking lot is now being used as a staging area during the construction of the new Nursing/Health Sciences building, and it will be paved as a permanent parking lot upon completion of the building, using existing funds within the overall Design-Build project. Construction is currently underway on the two central blocks along 4th Street (between 10th Ave and 8th Ave) to provide additional parking prior to the

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

start of the fall semester. Phase II of the 4th Street parking project would add the two remaining blocks for expanded parking (between 11th Ave and 7th Ave) as part of LCSC's approved Permanent Building Fund request for FY09.

The owner of the property at 1014 4th Street has accepted LCSC's offer of \$135,000 for the house, contingent upon Board approval. This offer, which includes relocation expenses, is within 10% of the appraised value of the property (Attachment 2).

The owner of the property at 1024 4th Street has accepted LCSC's offer of \$163,000 for the house, contingent upon Board approval. This offer, which includes relocation expenses, is within 10% of the appraised value of the property (Attachment 3).

The owners of the property currently leased to LCSC for use as a parking lot, have accepted LCSC's offer of \$100,000 for the property, which was negotiated as a compromise between the College appraiser's estimate of approximately \$70,000 and the owners' separate appraisal of over \$150,000. Board approval of LCSC's negotiated \$100,000 offer will permit uninterrupted use of the parking lot and avoid the expense and delay associated with litigation under eminent domain.

IMPACT

Current funding from an approved Permanent Building Fund project for the Phase II 4th Street parking project is sufficient to purchase the three properties in question for the offered prices. Two other property acquisitions, previously approved by the Board, were deferred in order to concentrate resources on the acquisition of the three strategic sites on the west edge of campus as part of the scope of the 4th Street parking expansion effort.

ATTACHMENTS

Attachment 1 – Overhead chart of LCSC properties	Page 5
Attachment 2 – Appraisal for 1014 4 th Street property	Page 7
Attachment 3 – Appraisal for 1024 4 th Street property	Page 27

STAFF COMMENTS AND RECOMMENDATIONS

Although the purchase price of the parking lot is \$30,000 above the appraised value of \$70,000, staff believes this is more beneficial than pursuing litigation under eminent domain

Staff recommends approval.

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

BOARD ACTION

A motion to approve the request by Lewis-Clark State College to purchase the property at 1014 4th St., Lewiston, for \$135,000.

Moved by _____ Seconded by _____ Carried Yes ____ No ____

A motion to approve the request by Lewis-Clark State College to purchase the property at 1024 4th St., Lewiston, for \$163,000.

Moved by _____ Seconded by _____ Carried Yes ____ No ____

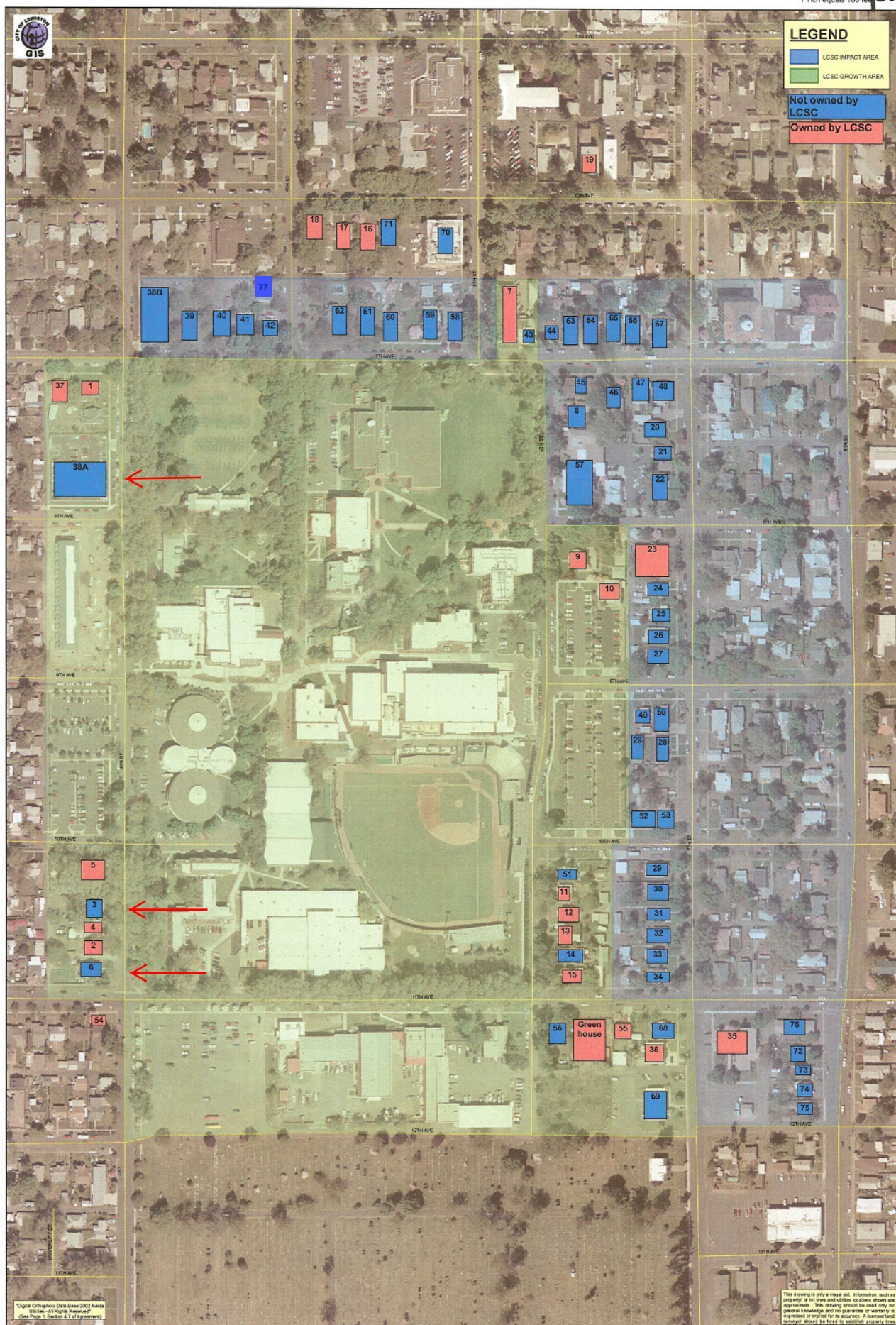
A motion to approve the request by Lewis-Clark State College to purchase the leased property on Lots 5, 6, and 7, Block 2, Holcomb's First Addition, Lewiston, for \$100,000.

Moved by _____ Seconded by _____ Carried Yes ____ No ____

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CITY OF LEWISTON
PUBLIC WORKS DEPARTMENT

1 inch equals 100 feet



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INVOICE**FROM:**

Wayne T. Agee
Western Appraisal
1014 Main St.
Lewiston, ID 83501

Telephone Number: (208) 746-9891

Fax Number: (208) 746-9895

INVOICE NUMBER

RL5588

DATE

Fielded 06/20/2008

REFERENCE

Internal Order #: RL5588

Lender Case #:

Client File #:

Main File # on form: RL5588

Other File # on form: RL5588

Federal Tax ID:

Employer ID:

TO:

Lewis-Clark State College
500 8th Ave.
Lewiston, ID 83501

Telephone Number: 792-2240

Fax Number:

Alternate Number:

E-Mail: lkloewen@lcsc.edu

DESCRIPTION

Lender: Lewis-Clark State College

Client: Lewis-Clark State College

Purchaser/Borrower: N/A

Property Address: 1014 4th St

City: Lewiston

County: Nez Perce

State: ID

Zip: 83501-2728

Legal Description: Lewiston: Rand Tract Subdivision, Lot 10, Block 11

FEES**AMOUNT**

1004 URAR

400.00

SUBTOTAL

400.00

PAYMENTS**AMOUNT**

Check #:

Date:

Description:

Check #:

Date:

Description:

Check #:

Date:

Description:

SUBTOTAL

TOTAL DUE

\$

400.00

Uniform Residential Appraisal Report

RL5588
File # RL5588

SUBJECT

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

Property Address	1014 4th St	City	Lewiston	State	ID	Zip Code	83501-2728
Borrower	N/A	Owner of Public Record	Toby L. Martin	County	Nez Perce		
Legal Description	Lewiston: Rand Tract Subdivision, Lot 10, Block 11						
Assessor's Parcel #	RPL12300110100A	Tax Year	2007	R.E. Taxes \$	732.92		
Neighborhood Name	Lewiston	Map Reference	35-A	Census Tract	9904.00		
Occupant	<input checked="" type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant			Special Assessments \$	N/A	<input type="checkbox"/> PUD	HOA \$ N/A <input type="checkbox"/> per year <input type="checkbox"/> per month
Property Rights Appraised	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)						
Assignment Type	<input type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input checked="" type="checkbox"/> Other (describe)			Estimate of Current Market Value for Possible Purchase			
Lender/Client	Lewis-Clark State College			Address 500 8th Ave., Lewiston, ID 83501			
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No							
Report data source(s) used, offering price(s), and date(s). MLS, Discussion with Owner							

CONTRACT

I ☐ did ☐ did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed. N/A

Contract Price \$	N/A	Date of Contract	N/A	Is the property seller the owner of public record?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Data Source(s)	
Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? <input type="checkbox"/> Yes <input type="checkbox"/> No							
If Yes, report the total dollar amount and describe the items to be paid.							

NEIGHBORHOOD

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics		One-Unit Housing Trends		One-Unit Housing		Present Land Use %	
Location	<input checked="" type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural	Property Values	<input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining	PRICE	AGE	One-Unit	75 %
Built-Up	<input checked="" type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	Demand/Supply	<input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	\$ (000)	(yrs)	2-4 Unit	7 %
Growth	<input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow	Marketing Time	<input type="checkbox"/> Under 3 mths <input checked="" type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths	50	Low 0	Multi-Family	5 %
Neighborhood Boundaries The subject neighborhood is bounded by the Clearwater River to the North,		650	High 120	Commercial	10 %		
Snake River to the West, 17th St. to the East and 18th Ave. to the South.		135	Pred. 50	Other	3 %		
Neighborhood Description The subject is located in a primarily single family residential neighborhood with commercial properties located on the arterial streets. Employment, schools and retail shopping are a short commute from the subject property. Single family residential properties in the neighborhood vary in size, style, age and value. Sites vary in size from 3,500 sq. ft. to 12,000 sq. ft.							
Market Conditions (including support for the above conclusions) Sales have slowed over the past year after two years of appreciation in the market. Current market times average less than 111 days and sale prices are currently about 99% of list. Few concessions are necessary for sales, however, some sellers are offering to assist with closing costs. New construction continues at a decreased rate.							

SITE

Dimensions	50' x 142'	Area	7,100 Sq.Ft.	Shape	Rectangular	View	Average
Specific Zoning Classification	R3	Zoning Description	R3, Medium Density Residential (7,500 sq. ft. minimum)				
Zoning Compliance	<input type="checkbox"/> Legal <input checked="" type="checkbox"/> Legal Nonconforming (Grandfathered Use) <input type="checkbox"/> No Zoning <input type="checkbox"/> Illegal (describe)						
Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe							

Utilities	Public	Other (describe)	Public	Other (describe)	Off-site Improvements - Type	Public	Private
Electricity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Water	<input checked="" type="checkbox"/>	Street Asphalt	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sanitary Sewer	<input checked="" type="checkbox"/>	Alley Asphalt	<input checked="" type="checkbox"/>	<input type="checkbox"/>

FEMA Special Flood Hazard Area ☐ Yes ☒ No FEMA Flood Zone C FEMA Map # 1601040003B FEMA Map Date 1/20/1982

Are the utilities and off-site improvements typical for the market area? ☒ Yes ☐ No If No, describe

Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? ☐ Yes ☒ No If Yes, describe

IMPROVEMENTS

General Description	Foundation	Exterior Description	materials/condition	Interior	materials/condition
Units <input checked="" type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit	<input type="checkbox"/> Concrete Slab <input type="checkbox"/> Crawl Space	Foundation Walls	Concrete/Av	Floors	Wd,Crp,Wdlm,V/A+
# of Stories 1 Story	<input checked="" type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement	Exterior Walls	Hardboard/Av+	Walls	Drywall,Plaster/Av
Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit	Basement Area 672 sq.ft.	Roof Surface	Comp. Shingle/Av	Trim/Finish	Wood,Paint/G
<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.	Basement Finish 49 %	Gutters & Downspouts	Metal/G	Bath Floor	Vinyl/Av+
Design (Style) 1 Story/Bsmt	<input checked="" type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump	Window Type	Wood/Av	Bath Wainscot	Vinyl/Av
Year Built 1945	Evidence of <input type="checkbox"/> Infestation	Storm Sash/Insulated	Wood/Insulated/Av+	Car Storage	<input type="checkbox"/> None
Effective Age (Yrs) 7-10	<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement	Screens	Partial/Av	<input checked="" type="checkbox"/> Driveway	# of Cars 2
Attic <input type="checkbox"/> None	Heating <input checked="" type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant	Amenities	<input type="checkbox"/> Woodstove(s) #	Driveway Surface	Gravel
<input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs	<input type="checkbox"/> Other Fuel Gas	<input type="checkbox"/> Fireplace(s) #	<input checked="" type="checkbox"/> Fence	<input type="checkbox"/> Garage	# of Cars
<input type="checkbox"/> Floor <input checked="" type="checkbox"/> Scuttle	Cooling <input type="checkbox"/> Central Air Conditioning	<input type="checkbox"/> Patio/Deck	<input checked="" type="checkbox"/> Porch	<input type="checkbox"/> Carport	# of Cars
<input type="checkbox"/> Finished <input type="checkbox"/> Heated	<input checked="" type="checkbox"/> Individual Wdw <input type="checkbox"/> Other	<input type="checkbox"/> Pool	<input type="checkbox"/> Other	<input type="checkbox"/> Att.	<input type="checkbox"/> Det. <input type="checkbox"/> Built-in
Appliances <input type="checkbox"/> Refrigerator <input type="checkbox"/> Range/Oven <input checked="" type="checkbox"/> Dishwasher <input checked="" type="checkbox"/> Disposal <input type="checkbox"/> Microwave <input type="checkbox"/> Washer/Dryer <input type="checkbox"/> Other (describe)					
Finished area above grade contains: 4 Rooms 2 Bedrooms 1 Bath(s) 704 Square Feet of Gross Living Area Above Grade					
Additional features (special energy efficient items, etc.). Energy efficiency is typical of a residence of this style, quality and condition in the market area.					
Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). Upon observation the appraiser found the subject residence to be in above average overall condition for it's effective age. The subject residence has received several recent updates including new interior and exterior paint, metal gutters and downspouts, trim, electrical wiring, insulation, floor coverings and a newly finished basement area including a family room and den. No repairs, alterations or inspections are required as conditions to this appraisal report.					
Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, describe					
Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe					

Uniform Residential Appraisal Report

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SALES COMPARISON APPROACH	There are 12 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 115,000 to \$ 150,000 .																							
	There are 14 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 115,000 to \$ 150,000 .																							
	FEATURE			SUBJECT			COMPARABLE SALE # 1			COMPARABLE SALE # 2			COMPARABLE SALE # 3											
	Address 1014 4th St Lewiston, ID 83501-2728			816 7th Ave. Lewiston, ID 83501			1210 10th St Lewiston, ID 83501-2918			1216 14th St. Lewiston, ID 83501														
	Proximity to Subject			0.44 miles NE			0.46 miles E			0.78 miles E														
	Sale Price			\$ N/A			\$ 149,000			\$ 139,500			\$ 119,000											
	Sale Price/Gross Liv. Area			\$ sq.ft.			\$ 172.85 sq.ft.			\$ 120.99 sq.ft.			\$ 158.67 sq.ft.											
	Data Source(s)			County Records, MLS			County Records, MLS, Files			County Records, MLS														
	Verification Source(s)			County Records, MLS			County Records, MLS, Files			County Records, MLS														
	VALUE ADJUSTMENTS			DESCRIPTION			DESCRIPTION +(-) \$ Adjustment			DESCRIPTION +(-) \$ Adjustment			DESCRIPTION +(-) \$ Adjustment											
	Sales or Financing Concessions			FHA Seller Pd.Costs			-4,335			Conventional None			FHA No Concession											
	Date of Sale/Time			04/15/08 - 63						04/30/08 - 43			01/10/08 - 65											
	Location			Lewiston						Lewiston			Lewiston											
	Leasehold/Fee Simple			Fee Simple			Fee Simple			Fee Simple			Fee Simple											
	Site			7,100 Sq.Ft.			9,360 sq. ft.			-4,500			4,800 Sq.Ft.			+7,500			3,600 sq. ft.			+10,000		
	View			Average			Average						Average			Average			Average					
	Design (Style)			1 Story/Bsmt			1 Story/Bsmt						1 Story/Bsmt			1 Story/Bsmt			1 Story/Bsmt					
	Quality of Construction			Average			Average						Average			Average			Average					
	Actual Age			A 63, E 7-10			A 90, E 10-12						A 83, E 10-12			A 83, E 7-10								
	Condition			Average+			Average+						Average+			Average+			Average+					
Above Grade Room Count			Total Bdrms. Baths			Total Bdrms. Baths						Total Bdrms. Baths			Total Bdrms. Baths			Total Bdrms. Baths						
			4 2 1			4 2 1						5 2 1			4 2 1									
Gross Living Area			704 sq.ft.			862 sq.ft.			-3,950			1,153 sq.ft.			-11,250			750 sq.ft.			-1,150			
Basement & Finished Rooms Below Grade			672 Sq.Ft. 327 Finished			862 sq. ft. 862 Finished			-1,350 -6,400			962 Sq.Ft. 962 Finished			-2,050 -7,600			750 sq. ft. Unfinished			-550 +3,900			
Functional Utility			Average			Average						Average			Average			Average						
Heating/Cooling			GFA/Wall			GFA/CAC			-1,000			GFA/CAC			-1,000			GFA/CAC			-1,000			
Energy Efficient Items			Average			Average						Average			Average			Average						
Garage/Carport			O.S.P.			O.S.P.						O.S.P.			1-G Att.			-3,500						
Porch/Patio/Deck			Porches			Porch,Patio						Porch,Deck			Porch,Patio									
Aux Heat			None			Fireplace			-1,000			Fireplace			-1,000			None						
Other Amenities			Fence,Shed			Fence,Shed						Fence,Shed			Fence,Shed									
Net Adjustment (Total)						□ + ☒ -			\$ -22,535			□ + ☒ -			\$ -15,400			☒ + □ -			\$ 7,700			
Adjusted Sale Price of Comparables						Net Adj. 15.1 %						Net Adj. 11.0 %						Net Adj. 6.5 %						
						Gross Adj. 15.1 %			\$ 126,465			Gross Adj. 21.8 %			\$ 124,100			Gross Adj. 16.9 %			\$ 126,700			
I ☒ did □ did not research the sale or transfer history of the subject property and comparable sales. If not, explain																								
My research □ did ☒ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.																								
Data Source(s) County Records, Owner, MLS																								
My research □ did ☒ did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.																								
Data Source(s) County Records, MLS																								
Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).																								
ITEM		SUBJECT				COMPARABLE SALE #1				COMPARABLE SALE #2				COMPARABLE SALE #3										
Date of Prior Sale/Transfer		None Found				None Found				None Found				None Found										
Price of Prior Sale/Transfer		N/A				N/A				N/A				N/A										
Data Source(s)		CountyRec,MLS,Owner				County Records, MLS				County Records, MLS				County Records, MLS										
Effective Date of Data Source(s)		06/20/2008				06/23/2008				06/23/2008				06/23/2008										
Analysis of prior sale or transfer history of the subject property and comparable sales The subject property has not transferred in the past 3 years. None of the comparable sales have transferred in 1 year prior to the sales dates given. Neither the subject property or any of the comparable sales are currently subject to a sale or listing agreement. Competing listing # 1 is currently subject to a listing agreement.																								
Summary of Sales Comparison Approach There have been several sales over the past year in the subject market area with some similarity to the subject property. The five comparable sales given are the most recent and similar to the subject in size, age, condition, utility and function. All of the comparable sales required fairly similar adjustment and were therefore given individual consideration in the indicated value by the Sales Comparison Approach. Competing listing # 1 was added in order to bolster the opinion of market value indicated by the comparable sales. Upon adjustment the competing listing indicates a stable market area. FOR FURTHER COMMENTS ON THE ADJUSTMENTS MADE IN THE SALES COMPARISON APPROACH SEE THE COMMENTS SECTION ON PAGE # 3.																								
Indicated Value by Sales Comparison Approach \$ 125,000																								
Indicated Value by: Sales Comparison Approach \$ 125,000 Cost Approach (if developed) \$ 119,874 Income Approach (if developed) \$ N/A																								
The Sales Comparison Approach is generally the most accurate reflection of what buyers are currently paying in the market area. Therefore, the indicated value by the Sales Comparison Approach was given the most weighting in the in final opinion of value below. The Cost Approach was not given any consideration in the final opinion of value. There is insufficient market data to produce the Income Approach.																								
This appraisal is made ☒ "as is", □ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, □ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or □ subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:																								
Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ 125,000 , as of 06/20/2008 , which is the date of inspection and the effective date of this appraisal.																								

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This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit; including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

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 or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

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

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting 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, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader 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 this appraisal report whether any portion of 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, or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, 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 research involved in performing the appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. 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, this appraisal report must not be considered as an environmental assessment of the property.
6. 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 the completion, repairs, or alterations of the subject property will be performed in a professional manner.

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

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
9. I have reported adjustments to the comparable sales that reflect the market’s reaction to the differences between the subject property and the comparable sales.
10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
11. I have knowledge and experience in appraising this type of property in this market area.
12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.
15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in 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 this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

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21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).
22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.
23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.
24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.
25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

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

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.
4. This appraisal report complies 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 at the time this appraisal report was prepared.
5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature Wayne T. Agee

Name Wayne T. Agee

Company Name Western Appraisals

Company Address 1014 Main St., Lewiston, ID 83501

Telephone Number (208) 746-9891

Email Address wayne@westernapp.com

Date of Signature and Report 06/24/2008

Effective Date of Appraisal 06/20/2008

State Certification # _____

or State License # LRA-1868

or Other (describe) _____ State # _____

State ID

Expiration Date of Certification or License 12/30/2008

ADDRESS OF PROPERTY APPRAISED

1014 4th St

Lewiston, ID 83501-2728

APPRAISED VALUE OF SUBJECT PROPERTY \$ 125,000

LENDER/CLIENT

Name _____

Company Name Lewis-Clark State College

Company Address 500 8th Ave., Lewiston, ID 83501

Email Address lkloewen@lcsc.edu

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____

Name _____

Company Name _____

Company Address _____

Telephone Number _____

Email Address _____

Date of Signature _____

State Certification # _____

or State License # _____

State _____

Expiration Date of Certification or License _____

SUBJECT PROPERTY

- ☐ Did not inspect subject property
- ☐ Did inspect exterior of subject property from street
- Date of Inspection _____
- ☐ Did inspect interior and exterior of subject property
- Date of Inspection _____

COMPARABLE SALES

- ☐ Did not inspect exterior of comparable sales from street
- ☐ Did inspect exterior of comparable sales from street
- Date of Inspection _____

Additional Listings

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File # RL5588

FEATURE		SUBJECT		LISTING # 1			LISTING # 2			LISTING # 3					
Address 1014 4th St Lewiston, ID 83501-2728				821 3rd St. Lewiston, ID 83501											
Proximity to Subject				0.14 miles NW											
List Price	\$	N/A				\$	120,000			\$					
List Price/Gross Liv. Area	\$	sq.ft.		\$ 153.85 sq.ft.				\$	sq.ft.						
Last Price Revision Date		N/A		05/12/2008											
Data Source(s)				County Records, MLS											
Verification Source(s)				County Records, MLS											
VALUE ADJUSTMENTS		DESCRIPTION		DESCRIPTION		+ (-) \$ Adjust.		DESCRIPTION		+ (-) \$ Adjust.		DESCRIPTION		+ (-) \$ Adjust.	
Sales or Financing				Listing											
Concessions				LP to SP Ratio		-1,200									
Days on Market				39											
Location		Lewiston		Lewiston											
Leasehold/Fee Simple		Fee Simple		Fee Simple											
Site		7,100 Sq.Ft.		4,750 sq. ft.		+7,500									
View		Average		Average											
Design (Style)		1 Story/Bsmt		1 Story/Bsmt											
Quality of Construction		Average		Average											
Actual Age		A 63, E 7-10		A 88, E 12-15		+2,500									
Condition		Average+		Average		+5,000									
Above Grade		Total	Bdrms.	Baths	Total	Bdrms.	Baths			Total	Bdrms.	Baths			
Room Count		4	2	1	4	2	1								
Gross Living Area		704 sq.ft.		780 sq.ft.		-1,900		sq.ft.		sq.ft.		sq.ft.			
Basement & Finished		672 Sq.Ft.		780 sq. ft.		-750									
Rooms Below Grade		327 Finished		338 Finished											
Functional Utility		Average		Average											
Heating/Cooling		GFA/Wall		GFA/CAC		-1,000									
Energy Efficient Items		Average		Average											
Garage/Carport		O.S.P.		1-G Det.		-3,500									
Porch/Patio/Deck		Porches		Porch,Patio											
Aux Heat		None		Fireplace		-1,000									
Other Amenities		Fence,Shed		Fence		+1,000									
Net Adjustment (Total)				<input checked="" type="checkbox"/> + <input type="checkbox"/> -		\$ 6,650		<input type="checkbox"/> + <input type="checkbox"/> -		\$		<input type="checkbox"/> + <input type="checkbox"/> -		\$	
Adjusted List Price of Comparables				Net 5.5 % Gross 21.1 %		\$ 126,650		Net % Gross %		\$		Net % Gross %		\$	

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).				
ITEM	SUBJECT	LISTING # 1	LISTING # 2	LISTING # 3
Date of Prior Sale/Transfer	None Found	None Found		
Price of Prior Sale/Transfer	N/A	N/A		
Data Source(s)	CountyRec,MLS,Owner	County Records, MLS		
Effective Date of Data Source(s)	06/20/2008	06/23/2008		
Comments: This is a competing listing in the market area of the subject property. Based upon the appraiser's analysis of recent residential sales in the market area, an adjustment was made for the average list price to sales price ratio which is currently at 99% in the subject neighborhood. This means that a single family residences with similarity to the subject property are currently selling at 99% of their asking or list price. The competing residence is older and shows more wear and tear associated with age and use. Above grade living area was adjusted at \$25 per square foot and rounded to the nearest \$50. Unfinished basement area was adjusted at \$7 per sq. ft. and rounded to the nearest \$50. Finished basement area was adjusted at \$12 per sq. ft. and rounded to the nearest \$50. The comparable's cooling system is less functional than the subject's cooling system for year round use. The competing property has a garage which is more functional for enclosed storage and work space. The comparable residence has a secondary hear source which is more functional for year round use. The comparable property does not have any additional exterior storage and work space provided by a storage shed.				

Subject Photo Page

Borrower/Client	N/A				
Property Address	1014 4th St				
City	Lewiston	County	Nez Perce	State	ID Zip Code 83501-2728
Lender	Lewis-Clark State College				



Subject Front

1014 4th St
Sales Price N/A
Gross Living Area 704
Total Rooms 4
Total Bedrooms 2
Total Bathrooms 1
Location Lewiston
View Average
Site 7,100 Sq.Ft.
Quality Average
Age A 63, E 7-10



Subject Rear



Subject Street

Subject Interior Photo Page

Borrower/Client	N/A					
Property Address	1014 4th St					
City	Lewiston	County	Nez Perce	State	ID	Zip Code 83501-2728
Lender	Lewis-Clark State College					



Living Room

1014 4th St	
Sales Price	N/A
Gross Living Area	704
Total Rooms	4
Total Bedrooms	2
Total Bathrooms	1
Location	Lewiston
View	Average
Site	7,100 Sq.Ft.
Quality	Average
Age	A 63, E 7-10



Bedroom



Bedroom

Subject Interior Photo Page

Borrower/Client	N/A					
Property Address	1014 4th St					
City	Lewiston	County	Nez Perce	State	ID	Zip Code 83501-2728
Lender	Lewis-Clark State College					



Kitchen

1014 4th St	
Sales Price	N/A
Gross Living Area	704
Total Rooms	4
Total Bedrooms	2
Total Bathrooms	1
Location	Lewiston
View	Average
Site	7,100 Sq.Ft.
Quality	Average
Age	A 63, E 7-10



Bathroom



New Basement Den

Subject Interior Photo Page

Borrower/Client	N/A				
Property Address	1014 4th St				
City	Lewiston	County	Nez Perce	State	ID Zip Code 83501-2728
Lender	Lewis-Clark State College				



New Basement Family Room

1014 4th St	
Sales Price	N/A
Gross Living Area	704
Total Rooms	4
Total Bedrooms	2
Total Bathrooms	1
Location	Lewiston
View	Average
Site	7,100 Sq.Ft.
Quality	Average
Age	A 63, E 7-10



Basement Storage



Basement Utility/Storage

Comparable Photo Page

Borrower/Client	N/A				
Property Address	1014 4th St				
City	Lewiston	County	Nez Perce	State	ID Zip Code 83501-2728
Lender	Lewis-Clark State College				



Comparable 1

816 7th Ave.	
Prox. to Subject	0.44 miles NE
Sales Price	149,000
Gross Living Area	862
Total Rooms	4
Total Bedrooms	2
Total Bathrooms	1
Location	Lewiston
View	Average
Site	9,360 sq. ft.
Quality	Average
Age	A 90, E 10-12



Comparable 2

1210 10th St	
Prox. to Subject	0.46 miles E
Sales Price	139,500
Gross Living Area	1,153
Total Rooms	5
Total Bedrooms	2
Total Bathrooms	1
Location	Lewiston
View	Average
Site	4,800 Sq.Ft.
Quality	Average
Age	A 83, E 10-12



Comparable 3

1216 14th St.	
Prox. to Subject	0.78 miles E
Sales Price	119,000
Gross Living Area	750
Total Rooms	4
Total Bedrooms	2
Total Bathrooms	1
Location	Lewiston
View	Average
Site	3,600 sq. ft.
Quality	Average
Age	A 83, E 7-10

Comparable Photo Page

Borrower/Client	N/A				
Property Address	1014 4th St				
City	Lewiston	County	Nez Perce	State	ID Zip Code 83501-2728
Lender	Lewis-Clark State College				



Comparable 4

206 13th Ave.	
Prox. to Subject	0.21 miles SW
Sales Price	129,500
Gross Living Area	780
Total Rooms	4
Total Bedrooms	2
Total Bathrooms	1
Location	Lewiston
View	Average
Site	6,400 sq. ft.
Quality	Average
Age	A 70, E 7-10



Comparable 5

1008 N St.	
Prox. to Subject	0.56 miles SE
Sales Price	120,000
Gross Living Area	900
Total Rooms	4
Total Bedrooms	2
Total Bathrooms	1
Location	Lewiston
View	Average
Site	3,550 sq. ft.
Quality	Average
Age	A 88, E 15-20

Comparable 6

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

Listing Photo Page

Borrower/Client	N/A					
Property Address	1014 4th St					
City	Lewiston	County	Nez Perce	State	ID	Zip Code 83501-2728
Lender	Lewis-Clark State College					



Listing 1

821 3rd St.
Proximity to Subject 0.14 miles NW
List Price 120,000
Days on Market 39
Gross Living Area 780
Total Rooms 4
Total Bedrooms 2
Total Bathrooms 1
Age A 88, E 12-15

Listing 2

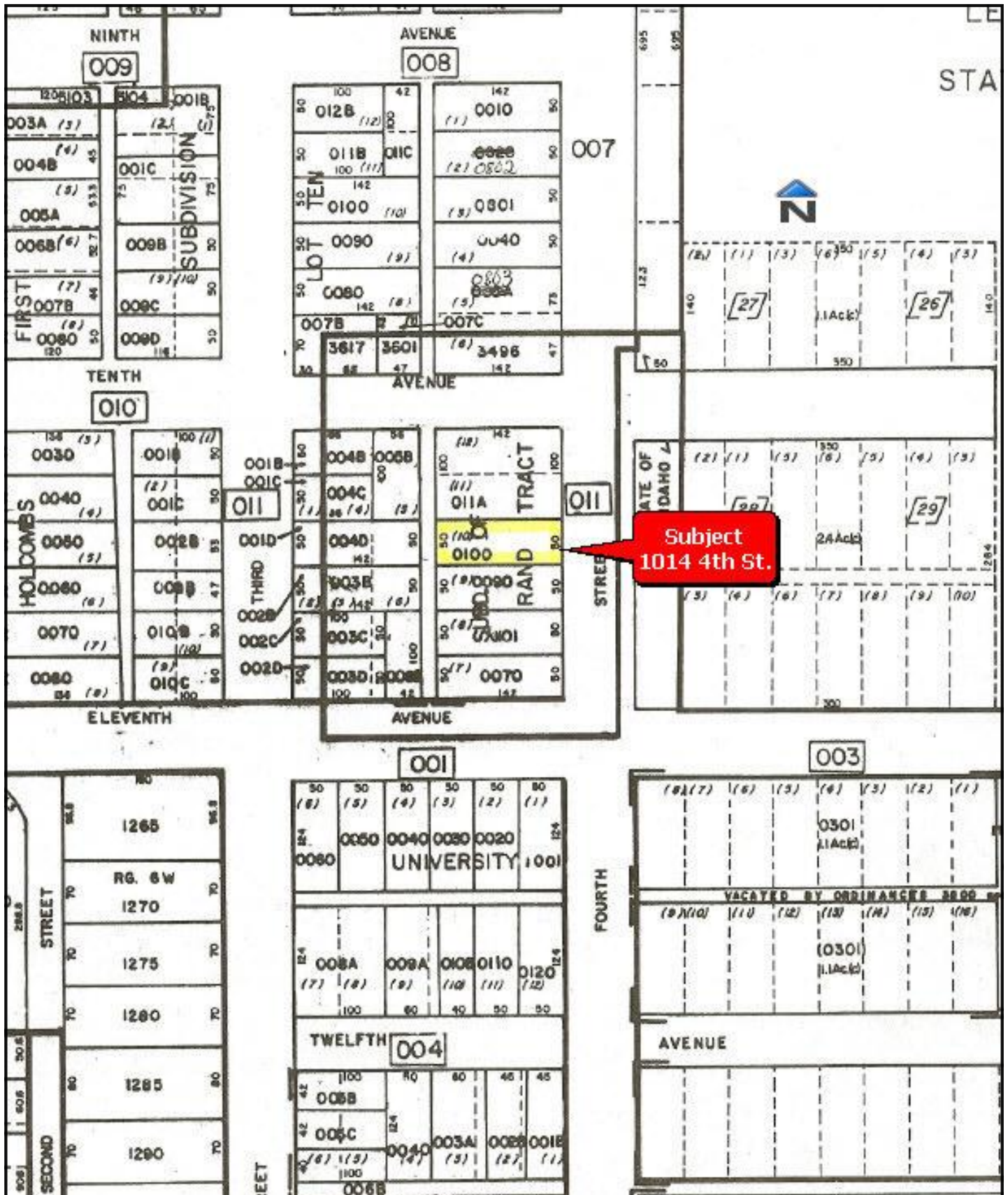
Proximity to Subject
List Price
Days on Market
Gross Living Area
Total Rooms
Total Bedrooms
Total Bathrooms
Age

Listing 3

Proximity to Subject
List Price
Days on Market
Gross Living Area
Total Rooms
Total Bedrooms
Total Bathrooms
Age

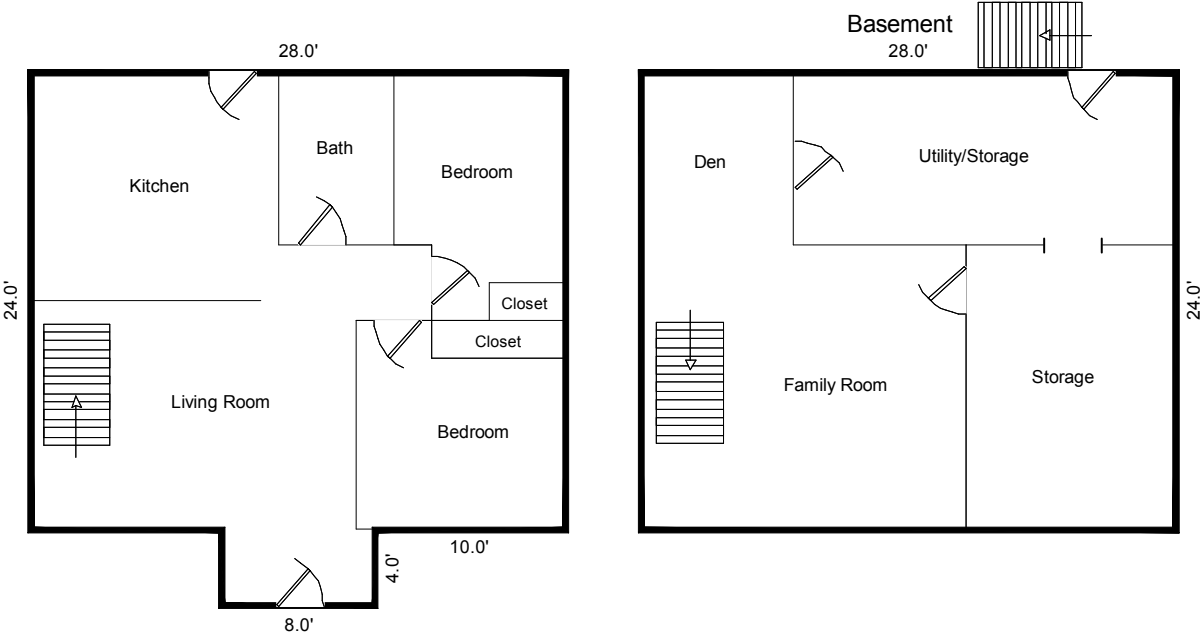
Site Plat

Borrower/Client	N/A						
Property Address	1014 4th St						
City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501-2728
Lender	Lewis-Clark State College						



Building Sketch

Borrower/Client	N/A				
Property Address	1014 4th St				
City	Lewiston	County	Nez Perce	State	ID Zip Code 83501-2728
Lender	Lewis-Clark State College				



Sketch by Apex IV™

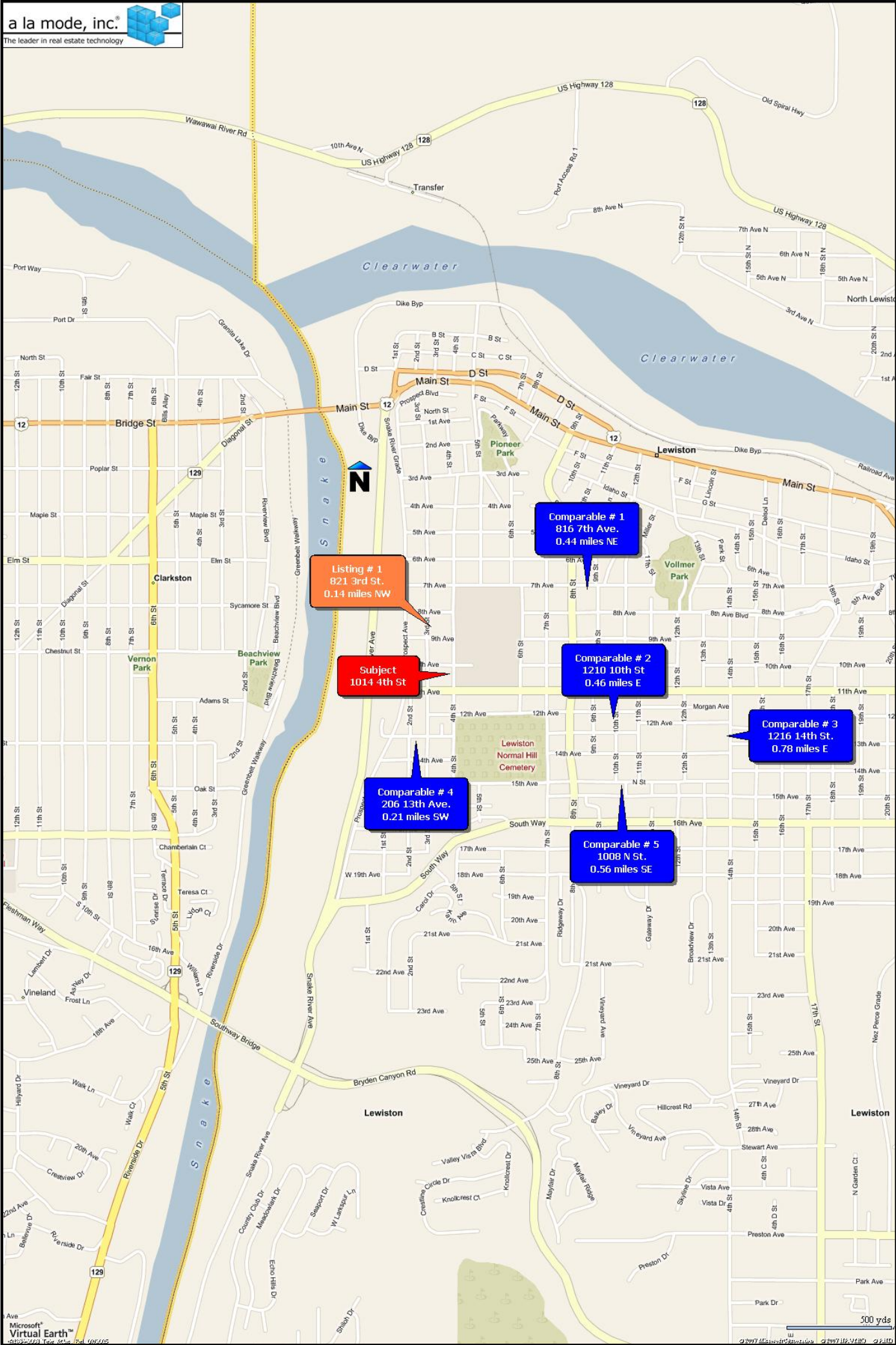
Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Size	Net Totals
GLA1	First Floor	704.00	704.00
BSMT	Basement	672.00	672.00
TOTAL LIVABLE (rounded)		704	

LIVING AREA BREAKDOWN		
Breakdown		Subtotals
First Floor		
4.0	x 8.0	32.00
24.0	x 28.0	672.00
2 Calculations Total (rounded)		704

Location Map

Borrower/Client	N/A			
Property Address	1014 4th St			
City	Lewiston	County	Nez Perce	State ID Zip Code 83501-2728
Lender	Lewis-Clark State College			



License

Borrower/Client	N/A			
Property Address	1014 4th St			
City	Lewiston	County	Nez Perce	State ID Zip Code 83501-2728
Lender	Lewis-Clark State College			



INVOICE**FROM:**

Wayne T. Agee
Western Appraisal
1014 Main St.
Lewiston, ID 83501

Telephone Number: (208) 746-9891

Fax Number: (208) 746-9895

INVOICE NUMBER

RL5585

DATE

Fielded 06/13/2008

REFERENCE

Internal Order #: RL5585

Lender Case #:

Client File #:

Main File # on form: RL5585

Other File # on form: RL5585

Federal Tax ID:

Employer ID:

TO:

Lewis Clark State College
500 8th Ave.
Lewiston, ID 83501

Telephone Number: 792-2240

Fax Number:

Alternate Number:

E-Mail: lkloewen@lcsc.edu

DESCRIPTION

Lender: Lewis Clark State College

Client: Lewis Clark State College

Purchaser/Borrower: N/A

Property Address: 1024 4th St.

City: Lewiston

County: Nez Perce

State: ID

Zip: 83501

Legal Description: Lewiston: Rand Tract Subdivision, Lot 7, Block 11

FEES**AMOUNT**

1004 URAR

400.00

SUBTOTAL

400.00

PAYMENTS**AMOUNT**

Check #:

Date:

Description:

Check #:

Date:

Description:

Check #:

Date:

Description:

SUBTOTAL

TOTAL DUE

\$

400.00

Uniform Residential Appraisal Report

RL5585
File # RL5585

SUBJECT

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

Property Address	1024 4th St.	City	Lewiston	State	ID	Zip Code	83501
Borrower	N/A	Owner of Public Record	Diane A. Rapier	County	Nez Perce		
Legal Description	Lewiston: Rand Tract Subdivision, Lot 7, Block 11						
Assessor's Parcel #	RPL12300110070A	Tax Year	2007	R.E. Taxes \$	2,318.52		
Neighborhood Name	Lewiston	Map Reference	35-A	Census Tract	9904.00		
Occupant	<input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant <input type="checkbox"/> Vacant	Special Assessments \$	N/A	<input type="checkbox"/> PUD	HOA \$	N/A	<input type="checkbox"/> per year <input type="checkbox"/> per month
Property Rights Appraised	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)						
Assignment Type	<input type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input checked="" type="checkbox"/> Other (describe) Estimate of Current Market Value for Possible Purchase						
Lender/Client	Lewis Clark State College Address 500 8th Ave., Lewiston, ID 83501						
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No							
Report data source(s) used, offering price(s), and date(s). MLS, Discussion with Owner							

CONTRACT

I ☐ did ☐ did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed. N/A

Contract Price \$	N/A	Date of Contract	N/A	Is the property seller the owner of public record?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Data Source(s)	
Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? <input type="checkbox"/> Yes <input type="checkbox"/> No							
If Yes, report the total dollar amount and describe the items to be paid.							

NEIGHBORHOOD

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics		One-Unit Housing Trends		One-Unit Housing		Present Land Use %	
Location	<input checked="" type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural	Property Values	<input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining	PRICE	AGE	One-Unit	75 %
Built-Up	<input checked="" type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	Demand/Supply	<input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	\$ (000)	(yrs)	2-4 Unit	7 %
Growth	<input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow	Marketing Time	<input type="checkbox"/> Under 3 mths <input checked="" type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths	50	Low 0	Multi-Family	5 %
Neighborhood Boundaries The subject neighborhood is bounded by the Clearwater River to the North,		650	High 120	Commercial	10 %		
Snake River to the West, 17th St. to the East and 16th Ave. to the South.		135	Pred. 50	Other	3 %		
Neighborhood Description The subject is located in a primarily single family residential neighborhood with commercial properties located on the arterial streets. Employment, schools and retail shopping are a short commute from the subject property. Single family residential properties in the neighborhood vary in size, style, age and value. Sites vary in size from 3,500 sq. ft. to 12,000 sq. ft.							
Market Conditions (including support for the above conclusions) Sales have slowed over the past year after two years of appreciation in the market. Current market times average less than 111 days and sale prices are currently about 99% of list. Few concessions are necessary for sales, however, some sellers are offering to assist with closing costs. New construction continues at a decreased rate.							

SITE

Dimensions	50' x 142'	Area	7,100 Sq.Ft.	Shape	Rectangular	View	Average
Specific Zoning Classification	R3	Zoning Description	R3, Medium Density Residential (7,500 sq. ft. minimum)				
Zoning Compliance	<input type="checkbox"/> Legal <input checked="" type="checkbox"/> Legal Nonconforming (Grandfathered Use) <input type="checkbox"/> No Zoning <input type="checkbox"/> Illegal (describe)						
Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe							

Utilities	Public	Other (describe)	Public	Other (describe)	Off-site Improvements - Type	Public	Private
Electricity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Water	<input checked="" type="checkbox"/>	Street Asphalt	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sanitary Sewer	<input checked="" type="checkbox"/>	Alley Asphalt	<input checked="" type="checkbox"/>	<input type="checkbox"/>

FEMA Special Flood Hazard Area ☐ Yes ☒ No FEMA Flood Zone C FEMA Map # 1601040003B FEMA Map Date 1/20/1982

Are the utilities and off-site improvements typical for the market area? ☒ Yes ☐ No If No, describe

Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? ☐ Yes ☒ No If Yes, describe

IMPROVEMENTS

General Description	Foundation		Exterior Description	materials/condition	Interior	materials/condition
Units <input checked="" type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit	<input type="checkbox"/> Concrete Slab	<input type="checkbox"/> Crawl Space	Foundation Walls	Concrete/Av	Floors	Crpt,Wd,Vnyl/Av-
# of Stories 1.5 Story	<input checked="" type="checkbox"/> Full Basement	<input type="checkbox"/> Partial Basement	Exterior Walls	Wood Shingle/Av-	Walls	Plstr,Dywl,Pnl/Av-
Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit	Basement Area	977 sq.ft.	Roof Surface	Comp. Shingle/Av	Trim/Finish	Wood,Paint/Av-
<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.	Basement Finish	80 %	Gutters & Downspouts	Metal/Av	Bath Floor	Vinyl/Av
Design (Style) 1.5 Story/Bsmt	<input type="checkbox"/> Outside Entry/Exit	<input type="checkbox"/> Sump Pump	Window Type	Vinyl/Av+	Bath Wainscot	Vinyl,Metal/Av
Year Built 1930	Evidence of <input type="checkbox"/> Infestation		Storm Sash/Insulated	Mix/Av	Car Storage	<input type="checkbox"/> None
Effective Age (Yrs) 20-25	<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement		Screens	Screens/Av+	<input checked="" type="checkbox"/> Driveway	# of Cars 1
Attic <input type="checkbox"/> None	Heating <input checked="" type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant		Amenities	<input type="checkbox"/> Woodstove(s) #	Driveway Surface	Gravel
<input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs	<input type="checkbox"/> Other	Fuel Gas	<input checked="" type="checkbox"/> Fireplace(s) # 2	<input checked="" type="checkbox"/> Fence	<input checked="" type="checkbox"/> Garage	# of Cars 1
<input type="checkbox"/> Floor <input checked="" type="checkbox"/> Scuttle	Cooling <input checked="" type="checkbox"/> Central Air Conditioning		<input checked="" type="checkbox"/> Patio/Deck	<input checked="" type="checkbox"/> Porch	<input type="checkbox"/> Carport	# of Cars
<input type="checkbox"/> Finished <input type="checkbox"/> Heated	<input type="checkbox"/> Individual <input type="checkbox"/> Other		<input type="checkbox"/> Pool	<input type="checkbox"/> Other	<input type="checkbox"/> Att.	<input checked="" type="checkbox"/> Det. <input type="checkbox"/> Built-in
Appliances <input type="checkbox"/> Refrigerator <input type="checkbox"/> Range/Oven <input type="checkbox"/> Dishwasher <input type="checkbox"/> Disposal <input type="checkbox"/> Microwave <input type="checkbox"/> Washer/Dryer <input type="checkbox"/> Other (describe)						
Finished area above grade contains: 6 Rooms 3 Bedrooms 1 Bath(s) 1,361 Square Feet of Gross Living Area Above Grade						
Additional features (special energy efficient items, etc.). Energy efficiency is typical of a residence of this style, quality and condition in the market area.						

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). Upon observation the appraiser found the subject residence to be in below average overall condition for it's effective age in the market area. The subject exterior paint and interior floor coverings are showing signs of deferred maintenance associated with age and use. The subject garage was considered a storage shed in the Sales Comparison Approach due to it's lack of vehicular access, which limits the utility and function of the improvement. No repairs, alterations or inspections are required as conditions to this appraisal report.

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? ☐ Yes ☒ No If Yes, describe

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? ☒ Yes ☐ No If No, describe

Uniform Residential Appraisal Report

RL5585
File # RL5585

SALES COMPARISON APPROACH	There are 5 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 120,000 to \$ 180,000 .														
	There are 9 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 120,000 to \$ 180,000 .														
	FEATURE			SUBJECT			COMPARABLE SALE # 1			COMPARABLE SALE # 2			COMPARABLE SALE # 3		
	Address 1024 4th St. Lewiston, ID 83501			1444 14th St. Lewiston, ID 83501			1414 14th Ave. Lewiston, ID 83501			203 16th Ave. Lewiston, ID 83501					
	Proximity to Subject			0.82 miles SE			0.84 miles E			0.34 miles SW					
	Sale Price			\$ N/A			\$ 142,500			\$ 155,000			\$ 176,600		
	Sale Price/Gross Liv. Area			\$ sq.ft.			\$ 113.82 sq.ft.			\$ 107.64 sq.ft.			\$ 108.01 sq.ft.		
	Data Source(s)			County Records, MLS			County Records, MLS			County Records, MLS					
	Verification Source(s)			County Records, MLS			County Records, MLS			County Records, MLS					
	VALUE ADJUSTMENTS			DESCRIPTION			DESCRIPTION +(-) \$ Adjustment			DESCRIPTION +(-) \$ Adjustment			DESCRIPTION +(-) \$ Adjustment		
	Sales or Financing Concessions			Conventional No Concession			FHA No Concession			Conventional No Concession					
	Date of Sale/Time			04/04/08 - 53			02/21/08 - 30			09/26/07 - 151					
	Location			Lewiston			Lewiston			Lewiston					
	Leasehold/Fee Simple			Fee Simple			Fee Simple			Fee Simple					
	Site			7,100 Sq.Ft.			4,800 sq. ft. +7,500			7,100 sq. ft.			6,400 sq. ft. +1,500		
	View			Average			Average			Average			Average		
	Design (Style)			1.5 Story/Bsmt			1.5 Story/Bsmt			1.5 Story/Bsmt			1.5 Story/Bsmt		
	Quality of Construction			Average			Average			Average			Average		
	Actual Age			A 78, E 20-25			A 78, E 15-20 -2,500			A 67, E 20-25			A 62, E 15-20 -2,500		
	Condition			Below Average			Average -5,000			Below Average			Average -5,000		
Above Grade			Total Bdrms. Baths			Total Bdrms. Baths			Total Bdrms. Baths -1,000			Total Bdrms. Baths			
Room Count			6 3 1			6 3 1			6 4 1.75 -1,000			6 3 1.75 -1,000			
Gross Living Area			1,361 sq.ft.			1,252 sq.ft. +2,750			1,440 sq.ft. -2,000			1,635 sq.ft. -6,850			
Basement & Finished			977 Sq.Ft.			928 sq. ft.			960 sq. ft.			1,037 sq. ft.			
Rooms Below Grade			782 Finished			232 Finished +6,600			240 Finished +6,500			622 Finished +1,900			
Functional Utility			Average			Average			Average			Average			
Heating/Cooling			GFA/CAC			GFA/CAC			GFA/CAC			GFA/CAC			
Energy Efficient Items			Average			Average			Average			Average			
Garage/Carport			O.S.P.			1-G Det. -3,500			1-G Det. -3,500			1-G Att. -3,500			
Porch/Patio/Deck			Porch,Patio			Porch,Patio			Porch,Deck			Porch,Patio			
Aux Heat			Stack Fireplace			Gas Stove			Fireplace			Fireplace			
Other Amenities			Fence,Shed			Fence +2,000			Fence,UGSS			Fence,UGSS			
Net Adjustment (Total)						⊗ + □ - \$ 7,850			□ + ⊗ - \$ -1,000			□ + ⊗ - \$ -15,450			
Adjusted Sale Price of Comparables						Net Adj. 5.5 % Gross Adj. 20.9 % \$ 150,350			Net Adj. 0.6 % Gross Adj. 9.0 % \$ 154,000			Net Adj. 8.7 % Gross Adj. 12.6 % \$ 161,150			
I <input checked="" type="checkbox"/> did <input type="checkbox"/> did not research the sale or transfer history of the subject property and comparable sales. If not, explain															
My research <input type="checkbox"/> did <input checked="" type="checkbox"/> did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.															
Data Source(s) County Records, Owner, MLS															
My research <input type="checkbox"/> did <input checked="" type="checkbox"/> did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.															
Data Source(s) County Records, MLS															
Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).															
ITEM			SUBJECT			COMPARABLE SALE #1			COMPARABLE SALE #2			COMPARABLE SALE #3			
Date of Prior Sale/Transfer			None Found			None Found			None Found			None Found			
Price of Prior Sale/Transfer			N/A			N/A			N/A			N/A			
Data Source(s)			CountyRec,MLS,Owner			County Records, MLS			County Records, MLS			County Records, MLS			
Effective Date of Data Source(s)			06/13/2008			06/16/2008			06/16/2008			06/16/2008			
Analysis of prior sale or transfer history of the subject property and comparable sales The subject property has not transferred in the past 3 years. None of the comparable sales have transferred in 1 year prior to the sales dates given. Neither the subject property or any of the comparable sales are currently subject to a sale or listing agreement. Competing listing # 1 is currently subject to a listing agreement.															
Summary of Sales Comparison Approach There have been several sales over the past year with some similarity to the subject property. The five comparable sales used in the Sales Comparison Approach are the most recent and similar to the subject in design, size, age, condition, utility and function. Comparable sales # 1 and # 2 are the most recent sales of 1 1/2 Story residences with basements that are similar to the subject in size, age, condition, utility and function. Therefore, comparable's # 1 and # 2 were given the most consideration in the indicated value by the Sales Comparison Approach. A competing listing was also added in order to bolster the indicated value by the Sales Comparison Approach. FOR FURTHER COMMENTS ON THE SUBJECT PROPERTY AND THE ADJUSTMENTS MADE IN THE SALES COMPARISON APPROACH SEE THE COMMENTS SECTION ON PAGE # 3.															
Indicated Value by Sales Comparison Approach \$ 152,000															

RECONCILIATION	Indicated Value by: Sales Comparison Approach \$ 152,000			Cost Approach (if developed) \$ 140,875			Income Approach (if developed) \$ N/A		
	The Sales Comparison Approach is generally the most accurate reflection of what buyers are currently paying in the market area. Therefore, the indicated value by the Sales Comparison Approach was given the most weighting in the in final opinion of value below. The Cost Approach was not given any consideration in the final opinion of value. There is insufficient market data to produce the Income Approach.								
	This appraisal is made <input checked="" type="checkbox"/> "as is", <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or <input type="checkbox"/> subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:								
Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ 152,000 , as of 06/13/2008 , which is the date of inspection and the effective date of this appraisal.									

Uniform Residential Appraisal Report

RL5585
File # RL5585

ADDITIONAL COMMENTS

HIGHEST AND BEST USE: The current residential use of the subject property is legal, physically possible, financially feasible and appropriately supported. It is the appraiser's opinion that the "highest and best use" of the subject property is residential.

MARKET DATA: The comparable sales used in the Sales Comparison Approach for the subject property were the most recent in the subject market area with some similarity to the subject property. Following is a general discussion of the adjustments made in the Sales Comparison Approach. Adjustments are based on the appraiser's analysis of recent residential sales in the subject market area.

SUBJECT: The subject property consists of a 7,100 sq. ft. site with a 1,361 sq. ft. 1 1/2 Story residence on a 977sq. ft. partially finished basemen area. There is an older detached garage to the rear of the property. The vehicular access to the garage area has been blocked by improvements and only serves as a storage shed area. Upon observation the appraiser noted that the subject residence shows several signs of wear and tear associated with age and use. The exterior paint is in need of replacement, as it is peeling and exposing the exterior siding of the residence to the elements. The interior floor coverings are worn and in need of replacement or refinish. The majority of the basement area does not have a ceiling finish, as well, the basement floor coverings are worn and in need of replacement. Due to these factors, it is the appraiser's opinion that the subject residence is in below average overall condition for the subject neighborhood and market area.

COMPARABLE 1: Upon analysis of recent residential site sales in the market area the appraiser determined that an adjustment was necessary for the comparable's smaller site. The comparable residence shows less wear and tear associated with age and use. Living area was adjusted at \$25 per sq. ft. and rounded to the nearest \$50. No adjustment was necessary for the comparable's slightly smaller unfinished basement area as it is similar in utility and function. Finished basement area was adjusted at \$12 per sq. ft. and rounded to the nearest \$50. The comparable property has a garage area that is accessible for a vehicle and provides additional utility and function. The comparable property does not have a storage shed.

COMPARABLE 2: The comparable residence has a more marketable above grade bedroom and bathroom count. Living area, finished basement area and garage were adjusted as before. The comparable's under ground sprinkler system would have a similar market value to the subject's storage shed, therefore, no adjustment was necessary.

COMPARABLE 3: All adjustments were made as before.

COMPARABLE 4: All adjustments were made as before.

COMPARABLE 5: The comparable residence has recently received several updates and shows considerably less wear and tear associated with age and use. Bedroom count, bathroom count, living area, unfinished basement area, finished basement area and garage were adjusted as before. The comparable residence does not have a secondary heat source which is more functional for year round use. The comparable property does not have a storage shed which provides additional exterior storage and work space.

COST APPROACH

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value) The most recent R3 site sales with similarity to the subject site in location, access, topography and utility for development would have a dollar per square foot range of \$2.38 to \$4.50. The subject site has and average location, level topography good access and utility as it is a corner site. Therefore, the appraiser has determined that the subject site would have a dollar per square foot value of approximately \$4.50 or \$32,000.

ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input checked="" type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE			= \$	32,000
Source of cost data Marshall and Swift Cost Handbook	DWELLING	1,361 Sq.Ft. @ \$	71.47	= \$	97,271
Quality rating from cost service Average Effective date of cost data 12/2006	Unfin. Bsmt.	977 Sq.Ft. @ \$	16.75	= \$	16,365
Comments on Cost Approach (gross living area calculations, depreciation, etc.)	Finished Basement, Floor Cover, Fireplace			= \$	25,391
Site value is based upon the analysis given above. Cost was developed from Marshall & Swift Cost Manual, adjusted by the appraiser's files and with local cost data obtained through discussions with local contractors.	Garage/Carport Sq.Ft. @ \$			= \$	
	Total Estimate of Cost-New			= \$	139,027
	Less	Physical	Functional	External	
Physical depreciation is based on the age/life method and adjusted for the local market. See attached building sketch for residence dimensions.	Depreciation	46,338			= \$(46,338)
	Depreciated Cost of Improvements			= \$	92,689
	"As-is" Value of Site Improvements			= \$	16,186
	Shed, Fence, Patio, Porch, Water, Sewer				
Estimated Remaining Economic Life (HUD and VA only) 40 Years	INDICATED VALUE BY COST APPROACH			= \$	140,875

INCOME

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent \$	N/A	X Gross Rent Multiplier	N/A	= \$	N/A	Indicated Value by Income Approach
Summary of Income Approach (including support for market rent and GRM)						

PUD INFORMATION

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? ☐ Yes ☐ No Unit type(s) ☐ Detached ☐ Attached

Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal Name of Project

Total number of phases	Total number of units	Total number of units sold
Total number of units rented	Total number of units for sale	Data source(s)

Was the project created by the conversion of existing building(s) into a PUD? ☐ Yes ☐ No If Yes, date of conversion.

Does the project contain any multi-dwelling units? ☐ Yes ☐ No Data Source

Are the units, common elements, and recreation facilities complete? ☐ Yes ☐ No If No, describe the status of completion.

Are the common elements leased to or by the Homeowners' Association? ☐ Yes ☐ No If Yes, describe the rental terms and options.

Describe common elements and recreational facilities.

Freddie Mac Form 70 March 2005

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Fannie Mae Form 1004 March 2005

Form 1004 — "WinTOTAL" appraisal software by a la mode, inc. — 1-800-ALAMODE

BAHR - SECTION II

TAB 15 Page 30

Uniform Residential Appraisal Report

RL5585

File # RL5585

This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit; including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

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 or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

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

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting 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, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader 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 this appraisal report whether any portion of 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, or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, 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 research involved in performing the appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. 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, this appraisal report must not be considered as an environmental assessment of the property.
6. 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 the completion, repairs, or alterations of the subject property will be performed in a professional manner.

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

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
9. I have reported adjustments to the comparable sales that reflect the market’s reaction to the differences between the subject property and the comparable sales.
10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
11. I have knowledge and experience in appraising this type of property in this market area.
12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.
15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in 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 this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

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21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).
22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.
23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.
24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.
25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

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

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.
4. This appraisal report complies 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 at the time this appraisal report was prepared.
5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature Wayne T. Agee
Name Wayne T. Agee
Company Name Western Appraisals
Company Address 1014 Main St., Lewiston, ID 83501

Telephone Number (208) 746-9891
Email Address wayne@westernapp.com
Date of Signature and Report 06/17/2008
Effective Date of Appraisal 06/13/2008
State Certification # _____
or State License # LRA-1868
or Other (describe) _____ State # _____
State ID
Expiration Date of Certification or License 12/30/2008

ADDRESS OF PROPERTY APPRAISED
1024 4th St.
Lewiston, ID 83501
APPRAISED VALUE OF SUBJECT PROPERTY \$ 152,000
LENDER/CLIENT
Name _____
Company Name Lewis Clark State College
Company Address 500 8th Ave., Lewiston, ID 83501

Email Address lkloewen@lcsc.edu

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
Name _____
Company Name _____
Company Address _____

Telephone Number _____
Email Address _____
Date of Signature _____
State Certification # _____
or State License # _____
State _____
Expiration Date of Certification or License _____

SUBJECT PROPERTY

- ☐ Did not inspect subject property
☐ Did inspect exterior of subject property from street
Date of Inspection _____
☐ Did inspect interior and exterior of subject property
Date of Inspection _____

COMPARABLE SALES

- ☐ Did not inspect exterior of comparable sales from street
☐ Did inspect exterior of comparable sales from street
Date of Inspection _____

Uniform Residential Appraisal Report

RL5585

File # RL5585

SALES COMPARISON APPROACH	FEATURE	SUBJECT			COMPARABLE SALE # 4			COMPARABLE SALE # 5			COMPARABLE SALE # 6					
	Address	1024 4th St. Lewiston, ID 83501			1023 3rd St. Lewiston, ID 83501			323 7th Ave. Lewiston, ID 83501								
	Proximity to Subject				0.05 miles W			0.28 miles N								
	Sale Price	\$	N/A			\$	149,000			\$	180,000			\$		
	Sale Price/Gross Liv. Area	\$	sq.ft.		\$	102.69 sq.ft.			\$	84.71 sq.ft.			\$	sq.ft.		
	Data Source(s)				County Records, MLS			County Records, MLS								
	Verification Source(s)				County Records, MLS			County Records, MLS								
	VALUE ADJUSTMENTS	DESCRIPTION			DESCRIPTION			+(-) \$ Adjustment			DESCRIPTION			+(-) \$ Adjustment		
	Sales or Financing Concessions				FHA No Concession						FHA No Concession					
	Date of Sale/Time				09/25/07 - 197						06/11/08 - 100					
	Location	Lewiston			Lewiston						Lewiston					
	Leasehold/Fee Simple	Fee Simple			Fee Simple						Fee Simple					
	Site	7,100 Sq.Ft.			3,500 sq. ft.			+10,000			7,100 sq. ft.					
	View	Average			Average						Average					
	Design (Style)	1.5 Story/Bsmt			1.5 Story/Bsmt						1.5 Story/Bsmt					
	Quality of Construction	Average			Average						Average					
	Actual Age	A 78, E 20-25			A 78, E 15-20			-2,500			A 80, E 12-15			-5,000		
	Condition	Below Average			Average			-5,000			Average+			-7,500		
	Above Grade	Total	Bdrms.	Baths	Total	Bdrms.	Baths				Total	Bdrms.	Baths			
	Room Count	6	3	1	6	3	1				7	5	2			
	Gross Living Area	1,361 sq.ft.			1,451 sq.ft.			-2,250			2,125 sq.ft.			-19,100 sq.ft.		
	Basement & Finished Rooms Below Grade	977 Sq.Ft. 782 Finished			984 sq. ft. 492 Finished			+3,500			1,200 sq. ft. 180 Finished			-1,550 +7,200		
	Functional Utility	Average			Average						Average					
	Heating/Cooling	GFA/CAC			GFA/CAC						GFA/CAC					
	Energy Efficient Items	Average			Average						Average					
Garage/Carport	O.S.P.			1-G Det.			-3,500			1-G Det.			-3,500			
Porch/Patio/Deck	Porch,Patio			Porch,Patio						Porch,Patio						
Aux Heat	Stack Fireplace			Fireplace						None			+1,000			
Other Amenities	Fence,Shed			Fence,UGSS						Fence			+2,000			
Net Adjustment (Total)				<input checked="" type="checkbox"/> + <input type="checkbox"/> -			\$ 250			<input type="checkbox"/> + <input checked="" type="checkbox"/> -			\$ -29,450			
Adjusted Sale Price of Comparables				Net Adj. 0.2 %						Net Adj. 16.4 %						
				Gross Adj. 18.0 %			\$ 149,250			Gross Adj. 27.7 %			\$ 150,550			
SALE HISTORY	Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).															
	ITEM	SUBJECT			COMPARABLE SALE # 4			COMPARABLE SALE # 5			COMPARABLE SALE # 6					
	Date of Prior Sale/Transfer	None Found			None Found			None Found								
	Price of Prior Sale/Transfer	N/A			N/A			N/A								
	Data Source(s)	CountyRec,MLS,Owner			County Records, MLS			County Records, MLS								
	Effective Date of Data Source(s)	06/13/2008			06/16/2008			06/16/2008								
	Analysis of prior sale or transfer history of the subject property and comparable sales See comments on page # 2															
ANALYSIS / COMMENTS	Analysis/Comments See comments section on page # 3 for further comments on the comparable sale.															

Additional Listings

File # RL5585

FEATURE		SUBJECT		LISTING # 1			LISTING # 2			LISTING # 3						
Address 1024 4th St. Lewiston, ID 83501				1326 6th Ave. Lewiston, ID 83501												
Proximity to Subject				0.80 miles NE												
List Price	\$	N/A		\$	149,500		\$			\$						
List Price/Gross Liv. Area	\$	sq.ft.		\$	96.83 sq.ft.		\$	sq.ft.		\$	sq.ft.					
Last Price Revision Date	N/A		01/02/2008													
Data Source(s)			County Records, MLS													
Verification Source(s)			County Records, MLS													
VALUE ADJUSTMENTS	DESCRIPTION		DESCRIPTION		+ (-) \$ Adjust.		DESCRIPTION		+ (-) \$ Adjust.		DESCRIPTION		+ (-) \$ Adjust.			
Sales or Financing Concessions			Listing LP to SP Ratio		-1,495											
Days on Market			171													
Location	Lewiston		Lewiston													
Leasehold/Fee Simple	Fee Simple		Fee Simple													
Site	7,100 Sq.Ft.		9,165 sq. ft.		-2,500											
View	Average		Average													
Design (Style)	1.5 Story/Bsmt		1.5 Story/Bsmt													
Quality of Construction	Average		Average													
Actual Age	A 78, E 20-25		A 88, E 20-25													
Condition	Below Average		Below Average													
Above Grade Room Count	Total	Bdrms.	Baths	Total	Bdrms.	Baths	Total	Bdrms.	Baths	Total	Bdrms.	Baths	Total	Bdrms.	Baths	
	6	3	1	6	3	1										
Gross Living Area	1,361 sq.ft.		1,544 sq.ft.		-4,600		sq.ft.		sq.ft.		sq.ft.		sq.ft.		sq.ft.	
Basement & Finished Rooms Below Grade	977 Sq.Ft.		561 sq. ft.		+2,900											
	782 Finished		Unfinished		+9,400											
Functional Utility	Average		Average													
Heating/Cooling	GFA/CAC		GFA/CAC													
Energy Efficient Items	Average		Average													
Garage/Carport	O.S.P.		O.S.P.													
Porch/Patio/Deck	Porch,Patio		Prch,Pat,Decks													
Aux Heat	Stack Fireplace		Fireplace													
Other Amenities	Fence,Shed		Fence,Sheds													
Net Adjustment (Total)			<input checked="" type="checkbox"/> + <input type="checkbox"/> -		\$ 3,705		<input type="checkbox"/> + <input type="checkbox"/> -		\$		<input type="checkbox"/> + <input type="checkbox"/> -		\$			
Adjusted List Price of Comparables			Net 2.5 % Gross 14.0 %		\$ 153,205		Net % Gross %		\$		Net % Gross %		\$			

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).				
ITEM	SUBJECT	LISTING # 1	LISTING # 2	LISTING # 3
Date of Prior Sale/Transfer	None Found	None Found		
Price of Prior Sale/Transfer	N/A	N/A		
Data Source(s)	CountyRec,MLS,Owner	County Records, MLS		
Effective Date of Data Source(s)	06/13/2008	06/16/2008		
<p>Comments: The competing listing provided above was added in order to further bolster the opinion of market value indicated in the Sales Comparison Approach. The current average list price to sales price ratio for the subject market area is 99%. This means that the average house offered for sale on the open market sells for approximately 99% of the asking price. This was accounted for in the grid provided above and deducted from the asking price of the competing listing. All other adjustments to the competing listing were made as described on page # 3 for the comparable sales. Upon adjustment, the competing listing indicates a stable market area.</p>				

Subject Photo Page

Borrower/Client	N/A				
Property Address	1024 4th St.				
City	Lewiston	County	Nez Perce	State	ID Zip Code 83501
Lender	Lewis Clark State College				



Subject Front

1024 4th St.	
Sales Price	N/A
Gross Living Area	1,361
Total Rooms	6
Total Bedrooms	3
Total Bathrooms	1
Location	Lewiston
View	Average
Site	7,100 Sq.Ft.
Quality	Average
Age	A 78, E 20-25



Subject Rear



Subject Street

Subject Interior Photo Page

Borrower/Client	N/A				
Property Address	1024 4th St.				
City	Lewiston	County	Nez Perce	State	ID Zip Code 83501
Lender	Lewis Clark State College				



Living Room

1024 4th St.	
Sales Price	N/A
Gross Living Area	1,361
Total Rooms	6
Total Bedrooms	3
Total Bathrooms	1
Location	Lewiston
View	Average
Site	7,100 Sq.Ft.
Quality	Average
Age	A 78, E 20-25



Kitchen



Dining

Subject Interior Photo Page

Borrower/Client	N/A				
Property Address	1024 4th St.				
City	Lewiston	County	Nez Perce	State	ID Zip Code 83501
Lender	Lewis Clark State College				



Bedroom

1024 4th St.
Sales Price N/A
Gross Living Area 1,361
Total Rooms 6
Total Bedrooms 3
Total Bathrooms 1
Location Lewiston
View Average
Site 7,100 Sq.Ft.
Quality Average
Age A 78, E 20-25



Bathroom



Bedroom

Subject Interior Photo Page

Borrower/Client	N/A				
Property Address	1024 4th St.				
City	Lewiston	County	Nez Perce	State	ID Zip Code 83501
Lender	Lewis Clark State College				



2nd Floor Bedroom

1024 4th St.
Sales Price N/A
Gross Living Area 1,361
Total Rooms 6
Total Bedrooms 3
Total Bathrooms 1
Location Lewiston
View Average
Site 7,100 Sq.Ft.
Quality Average
Age A 78, E 20-25



Basement 3/4 Bath



Basement Family Room

Comparable Photo Page

Borrower/Client	N/A				
Property Address	1024 4th St.				
City	Lewiston	County	Nez Perce	State	ID Zip Code 83501
Lender	Lewis Clark State College				



Comparable 1

1444 14th St.	
Prox. to Subject	0.82 miles SE
Sales Price	142,500
Gross Living Area	1,252
Total Rooms	6
Total Bedrooms	3
Total Bathrooms	1
Location	Lewiston
View	Average
Site	4,800 sq. ft.
Quality	Average
Age	A 78, E 15-20



Comparable 2

1414 14th Ave.	
Prox. to Subject	0.84 miles E
Sales Price	155,000
Gross Living Area	1,440
Total Rooms	6
Total Bedrooms	4
Total Bathrooms	1.75
Location	Lewiston
View	Average
Site	7,100 sq. ft.
Quality	Average
Age	A 67, E 20-25



Comparable 3

203 16th Ave.	
Prox. to Subject	0.34 miles SW
Sales Price	176,600
Gross Living Area	1,635
Total Rooms	6
Total Bedrooms	3
Total Bathrooms	1.75
Location	Lewiston
View	Average
Site	6,400 sq. ft.
Quality	Average
Age	A 62, E 15-20

Comparable Photo Page

Borrower/Client	N/A				
Property Address	1024 4th St.				
City	Lewiston	County	Nez Perce	State	ID Zip Code 83501
Lender	Lewis Clark State College				



Comparable 4

1023 3rd St.	
Prox. to Subject	0.05 miles W
Sales Price	149,000
Gross Living Area	1,451
Total Rooms	6
Total Bedrooms	3
Total Bathrooms	1
Location	Lewiston
View	Average
Site	3,500 sq. ft.
Quality	Average
Age	A 78, E 15-20



Comparable 5

323 7th Ave.	
Prox. to Subject	0.28 miles N
Sales Price	180,000
Gross Living Area	2,125
Total Rooms	7
Total Bedrooms	5
Total Bathrooms	2
Location	Lewiston
View	Average
Site	7,100 sq. ft.
Quality	Average
Age	A 80, E 12-15

Comparable 6

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

Listing Photo Page

Borrower/Client	N/A				
Property Address	1024 4th St.				
City	Lewiston	County	Nez Perce	State	ID Zip Code 83501
Lender	Lewis Clark State College				



Listing 1

1326 6th Ave.
Proximity to Subject 0.80 miles NE
List Price 149,500
Days on Market 171
Gross Living Area 1,544
Total Rooms 6
Total Bedrooms 3
Total Bathrooms 1
Age A 88, E 20-25

Listing 2

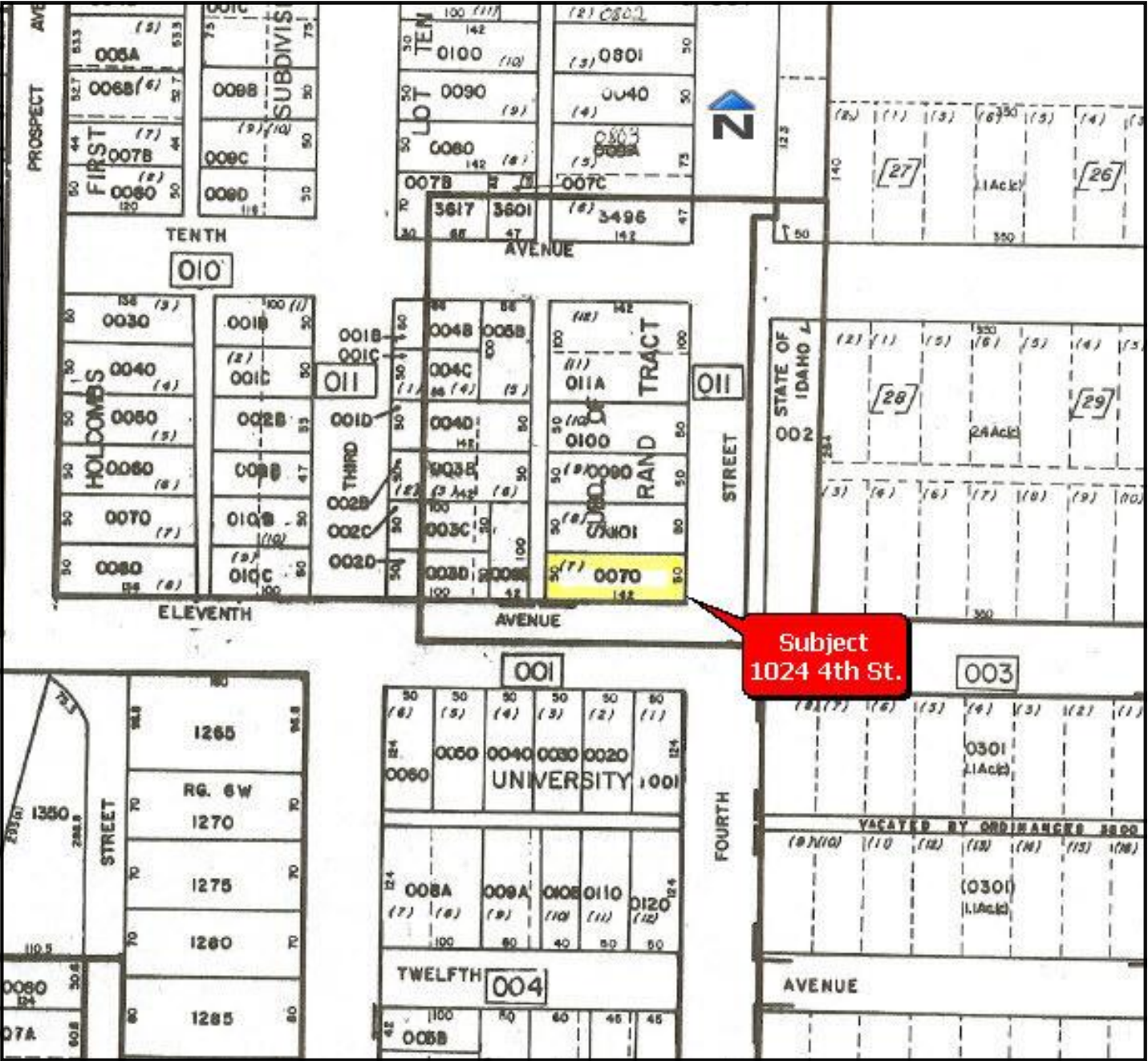
Proximity to Subject
List Price
Days on Market
Gross Living Area
Total Rooms
Total Bedrooms
Total Bathrooms
Age

Listing 3

Proximity to Subject
List Price
Days on Market
Gross Living Area
Total Rooms
Total Bedrooms
Total Bathrooms
Age

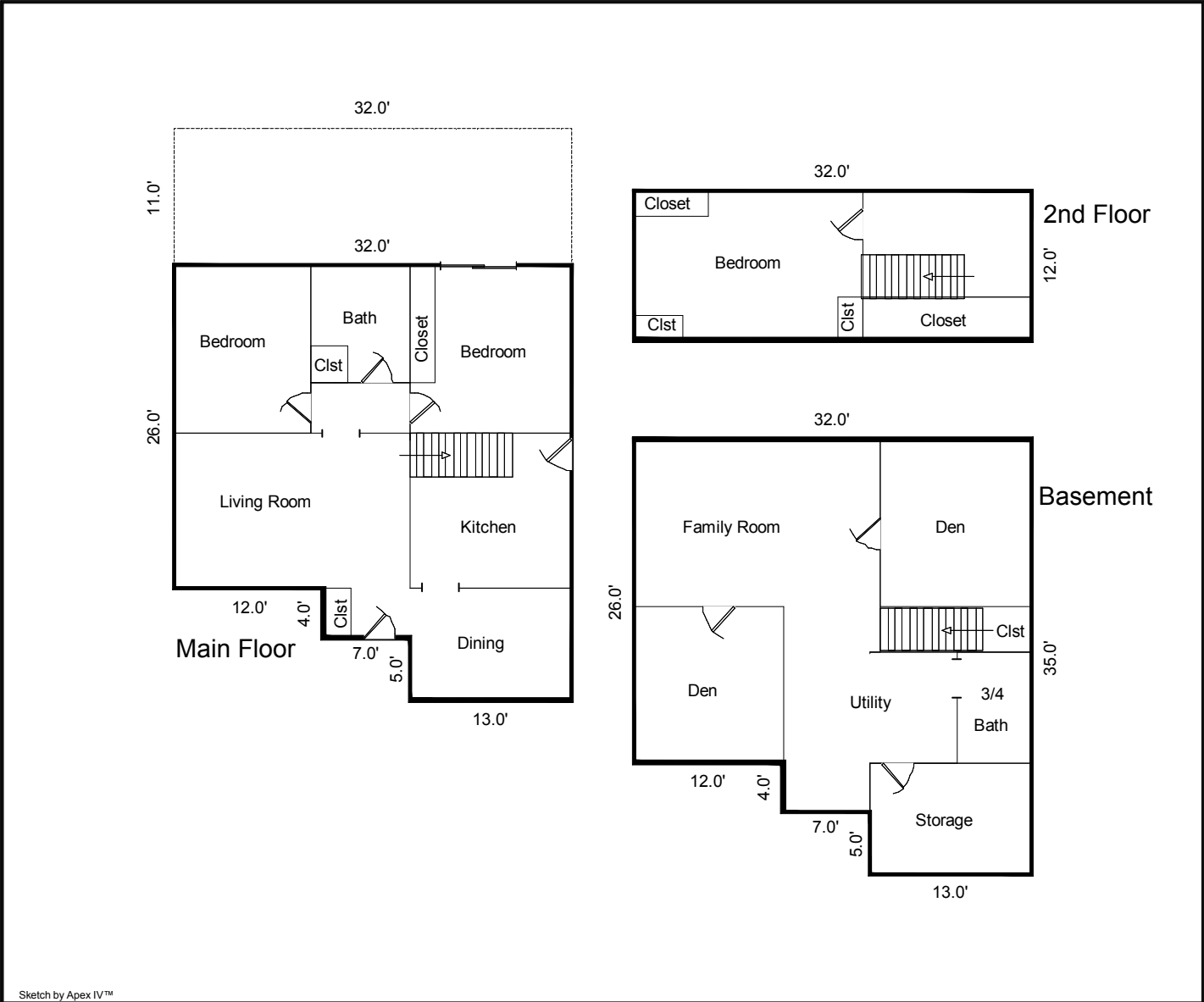
Site Plat

Borrower/Client	N/A			
Property Address	1024 4th St.			
City	Lewiston	County	Nez Perce	State ID Zip Code 83501
Lender	Lewis Clark State College			



Building Sketch

Borrower/Client	N/A			
Property Address	1024 4th St.			
City	Lewiston	County	Nez Perce	State ID Zip Code 83501
Lender	Lewis Clark State College			



Sketch by Apex IV™

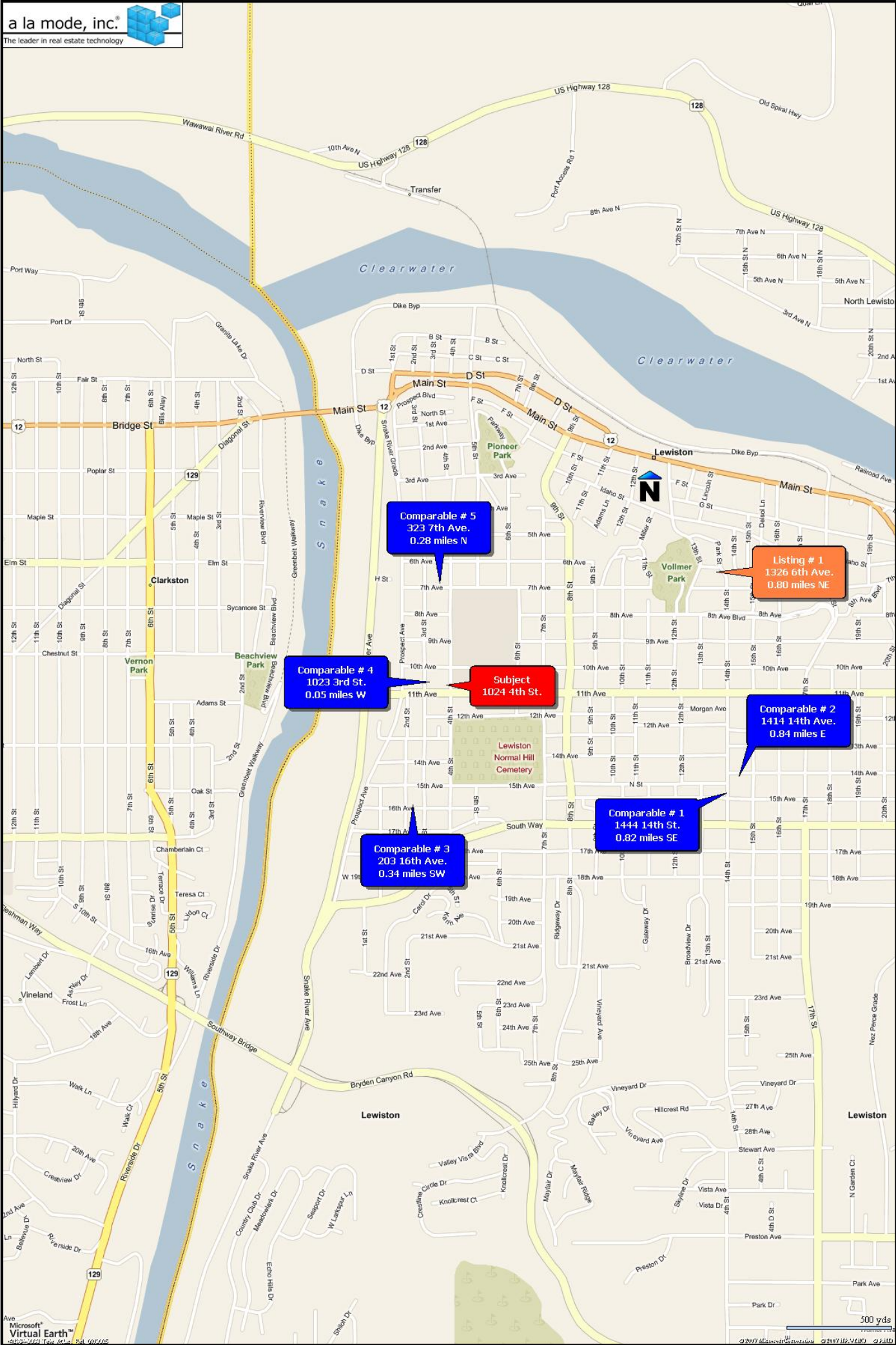
Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Size	Net Totals
GLA1	First Floor	977.00	977.00
GLA2	Second Floor	384.00	384.00
BSMT	Basement	977.00	977.00
P/P	Covered Patio	352.00	352.00
TOTAL LIVABLE (rounded)			1361

LIVING AREA BREAKDOWN			
Breakdown			Subtotals
First Floor			
20.0	x	30.0	600.00
12.0	x	26.0	312.00
5.0	x	13.0	65.00
Second Floor			
12.0	x	32.0	384.00
4 Calculations Total (rounded)			1361

Location Map

Borrower/Client	N/A				
Property Address	1024 4th St.				
City	Lewiston	County	Nez Perce	State	ID
Lender	Lewis Clark State College				
				Zip Code	83501



License

Borrower/Client	N/A						
Property Address	1024 4th St.						
City	Lewiston	County	Nez Perce	State	ID	Zip Code	83501
Lender	Lewis Clark State College						

Bureau of Occupational Licenses		
Department of Self Governing Agencies		
The person named has met the requirements for licensure and is entitled under the laws and rules of the State of Idaho to operate as a(n)		
LICENSED RESIDENTIAL APPRAISER		
WAYNE T. AGEE		
1014 MAIN ST		
LEWISTON ID 83501		
		
<i>Tana Cory</i>	LRA-1868	12/30/2008
Tana Cory	Number	Expires
Chief, B.O.L.		

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

IDAHO STATE UNIVERSITY

SUBJECT

Sale of the Magnuson Alumni House and conversion of the Serval Home, which currently serves as the residence for the ISU President and his family, into a larger and more useful Alumni house

APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education Governing Policies and Procedures, Section V.I.1.d. and e., and 2.f., and I.E.3.a.

BACKGROUND/DISCUSSION

The Magnuson Alumni House has served the alumni of ISU since it was purchased by the Alumni Association in 1977. It was built in 1916 for \$11,000 by John Hood, a merchant who owned the Golden Rule, one of the early retail stores in Pocatello. When Hood decided to exit the retail business, he sold his store to a former co-worker named J.C. Penney, who already had a string of retail stores. The house was designed by Palmer Rogers, an area resident who later moved to New York City and joined a firm which designed Madison Square Garden and the Washington Arch.

For years, the alumni office had been squeezed into the Student Union and needed more space for files, staff, and entertaining. The home was a good fit, but it was an expensive endeavor. Fortunately, an alumnus, Harry F. Magnuson, generously made the down payment and guaranteed the note. Although the tribute could not match his generosity, the house was named in his honor.

While the Magnuson House is unique and provides generous charm and appeal, the needs of the Alumni Association have outgrown the structure. For many years, the Alumni Association and its Board have known the facility is too small. Given the University is over 100 years old and has graduated nearly 70,000 students, alumni activities and needs have outgrown the historical Magnuson Alumni House. To better respond to the desires of ISU alumni and encourage the education of future students, the Alumni Association mounted a capital campaign some years ago to build a new Alumni House and Visitor Center on campus. However, bringing this project to fruition will require significant funding and will take many years to accomplish. That time may well be fully extended given the current adverse economic climate. In the meantime, the Alumni Association has proposed that they move into the Serval Home which will effectively accommodate their needs. After review by the President and his senior staff, it was concluded that ISU should accept the Alumni proposal.

The Serval Home, located on South 7th Avenue in Pocatello, was built in 1918, and originally owned by Xavier and Julia Serval. In 1949, past President Carl W. McIntosh requested approval to purchase the home as the primary residence for

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

the president of what was then Idaho State College. Much discussion ensued concerning the building of a new home versus the remodeling of an older home. On July 5, 1951, the State Board of Education purchased the Serval Home for \$22,134 for the land and building, with an additional expenditure of \$6,879 for furnishings and repairs. This facility has served as the primary residence for ISU's president ever since.

Idaho State University proposes that the Alumni Association move into the Serval Home, which serves as the primary residence for the University President and his family, and that the Magnuson House be sold. The Serval Home is significantly larger than the Magnuson House and will provide better opportunity to foster, cultivate and maintain a more unified Alumni Association and sustain a general concern and interest for ISU, as well as encourage support from the composite groups in its history. The Serval Home will enhance the Association's ability to enable former students to continue their affiliation with ISU and its activities, programs, and learning experiences. In addition, it will provide a more effective space for the Association to conduct their business to help ensure continued growth and development of the University.

The University President would acquire a personal residence for himself and his family and be provided a housing allowance and typical related costs, details of which would be determined by ISU Finance and Administration and the Executive Director of the Board. The housing allowance method will be less expensive to the University and, overall, the proposal will have the effect of reducing total costs of maintenance and upkeep on two university-owned, older homes.

Both the Magnuson House and the Serval House are owned in fee simple by the Board for the University. Appraisals on both houses are expected to be completed prior to the August Board meeting.

ATTACHMENTS

Attachment 1 - Letter from ISU Alumni Association	Page 5
Attachment 2 - Photographs of the Magnuson and Serval houses	Page 6
Attachment 3 - Zoning Status of Serval House	Page 7

IMPACT

This proposal would provide the Alumni Association with significantly more functional space, which is more serviceable in relation to the goals and objectives of the Association. The move will result in the ability to deliver more and better service to alumni and other constituents, including prospective students, donors, and other guests. As noted above, there is no increase in overall costs to the institution and we believe on-going maintenance costs will be reduced.

BUSINESS AFFAIRS AND HUMAN RESOURCES
AUGUST 21-22, 2008

STAFF COMMENTS AND RECOMMENDATIONS

Board policy I.E.3.a provides that three (3) institutions own homes that are the most suitable facilities available for this purpose. At these institutions, the presidents are required to live in the official residences provided.

The policy also stipulates that in the event that the institution does not own an official residence, a housing allowance will be provided that is similar in value to living in the official residence.

Should the Board approve this request, Board policy I.E.3.a will be revised to reflect the lower number of institution owned homes.

Staff recommends approval.

BOARD ACTION

Motion to approve the waiver of Board policy I.E.3.a which requires the president to live in the official residence provided and to approve a housing allowance to be provided that is similar in value to living in the official residence.

Moved by _____ Seconded by _____ Carried Yes____ No____

Motion to approve the move of the Alumni Association from the Magnuson House to the Serval House.

Moved by _____ Seconded by _____ Carried Yes____ No____

Motion to approve the sale of the Magnuson Alumni House at an amount greater than or equal to the appraised value.

Moved by _____ Seconded by _____ Carried Yes____ No____

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Alumni Relations
921 South 8th Avenue,
Stop 8033
Pocatello, Idaho
83209-8033

Phone: (208) 282-3755
(800) 933-4781
Fax: (208) 282-2541
www.isu.edu/alumni

July 29, 2008

Attachment 1

Dr. Kent Tingey
Vice President for University Advancement
Idaho State University
921 S. 8th Avenue
Administration 264 Stop 8024
Pocatello, Idaho 83209-8024

Dear Dr. Tingey:

As president of the Idaho State University Alumni Association, I write to recommend to you that the Alumni Association and alumni staff move from their current location, the Magnuson House, into a new location, the President's residence—the Serval House.

The current alumni office is woefully inadequate. For several years the association has engaged in an effort to generate financial resources with the hope of constructing a new Alumni and Visitor Center. A more adequate facility is critical as the Alumni Association undertakes an increased role in building Idaho State University, including efforts to raise friends, generate increased financial resources, build political support, help in recruitment and enrollment efforts, promote business support and generally help Idaho State University continue to grow and develop.

Considering our campaign efforts, I believe the most realistic opportunity for a significant upgrade of the Alumni and Visitor Center at this time is to sell the Magnuson House and move into the Serval House, creating a superb Alumni venue. Advantages of this move, which I believe would pay rich dividends in our efforts to help build the University, include more desperately needed space, additional guest parking, and a more up-to-date structure with an opportunity to host potential students, alumni, legislators, friends, faculty, donors and other guests.

I ask that the University consider our request to sell the current facility, move the Alumni Association and the Alumni and Visitor Center into the Serval House and have Idaho State University provide for a level of upkeep and maintenance for what would be the new Alumni and Visitor Center.

Dr. Tingey, the current center is inadequate and I believe the move would provide a considerable opportunity for the Alumni Association to make a better contribution to building Idaho State University among its many constituents. I ask you to consider this request.

Sincerely,

Ron Stephenson, President
Idaho State University Alumni Association

ISU Is An Equal Opportunity Employer



Servel Home
341 S. 7th Ave.
Pocatello, Idaho



Magnuson Alumni House
554 S. 7th Ave.
Pocatello, Idaho



PLANNING & DEVELOPMENT SERVICES

911 North 7th Avenue P.O. Box 4169
Pocatello, Idaho 83205-4169

July 31, 2008

Idaho State University
State Board of Education

Re: Serfel House at 341 South 7th Avenue, Pocatello, Idaho

To Whom It May Concern:

Please be advised that the property located at **341 South 7th Avenue** in Pocatello, ID is zoned Residential with an open space factor of 2.0 and with a Critical Stabilization Area overlay. The Critical Stabilization Area overlay is in place to protect the residential neighborhood from commercial businesses encroaching and to help maintain the residential nature of the neighborhood.

This home has served as the residence for the President of Idaho State University. In that function, many social functions have taken place both inside and outside the residence. Because of this and the ownership of the residence being Idaho State University, staff has determined that it could be considered a "public community center" under our current zoning ordinance (17.20.090(Q)). Therefore, if it were to become the Alumni House it would be considered a permitted use.

If you have any other questions about this property or zoning requirements, please feel free to contact me at 234-6500.

Sincerely,

Terri Neu
Assistant Planner

C: Planning Division Staff

Plan Review/
Planning Services
Phone: (208) 234-6161
Fax: (208) 234-6257
(208) 234-6586

Neighborhood &
Community Services
Phone: (208) 234-6185
Fax: (208) 234-6586

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

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